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

Daniel Agyapong¹, Michael Asiamah² and Elorm Akusika Cudjoe³

¹Department of Marketing and Supply Chain Management, University of Cape Coast, Ghana.
²Department of Economics, University of Cape Coast, Ghana.
³Cape Coast Technical University, Cape Coast, Ghana.

Authors' contributions

This work was carried out in collaboration between all authors. Authors DA and EAC designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Author EAC managed the analyses of the study. Author MA managed the literature searches. DA read and approved the final manuscript.

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ABSTRACT

The paper analyses the compensation-intention to quit relationship in one of the technical universities in Ghana. Employing a descriptive survey design, data on the variables are collected using one hundred self-administered valid questionnaires. Data collected were analysed by means of structural equation modelling. The results show there is no significant relationship between intentions to quit and salary, incentives, allowance and fringe benefits. However, there was an inverse relationship between the dependent variable and the predictors. The result implies managers of such institutions do not focus only on monetary, but non-monetary rewards packages drawing their compensation plan. This study provides avenues for reviewing compensation packages of technical universities in order to motivate its employees to help prevent high labour turnover. The paper is among the few that employs the structural equation modelling in its analysis.

*Corresponding author: E-mail: dagyapong@ucc.edu.gh;
1. INTRODUCTION

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

African countries face skilled human resource capacity challenge that impacts negatively on its socio-economic development. A survey conducted in 2009 by the Planning Unit of the Cape Coast Technical University on labour turnover revealed a number of Senior Members are leaving the institution to the traditional universities in search of greener pastures. It has been found that twenty-three (23) out of 144 staff left the institution between 2008 and 2011 [2]. Similar observations have been made on these issue in other similar institutions. As Iddrisu [2a] observed, Accra Technical University lost 25 personnel within that time. Also, between 1993 and 2011 academic year, 111 faculty left the Kumasi Technical University and 21 left the Wa Polytechnic. Tamale Technical University have had 90 resignations with 43 workers leaving between 2008 and 2011. The situation is not improved. Recent studies Danquah [3] and Kwegyir-Aggrey [4] found staff of these institution leave in such of greener pastures from traditional public universities [3]. This has negative implications for operational cost, loss of experienced staff and the capacity to deliver minimum required services. Furthermore, it leads to knowledge discontinuity [5]. In tertiary institutions, employee turnover impacts negatively on morale by increasing work demands such as number of students to be taught or supervised [6,7]. Osibanjo et al. [8] posits that some of these employees hardly stay long in one institution.

Although numerous efforts have been made to deal with this issue, little progress has been made. From the social exchange theory, social behaviour is the outcome of an exchange process that focuses on the need to maximize gains and reduce costs. It is how one values the reward of loss that lead to the continuation or discontinuation of the relationship. Academic staff have often expected among other things commiserating intrinsic and extrinsic rewards for their efforts in the university. As opined by Falola, Ibidunni & Olokundun [9], such staff have often discontinued their social relationship due to inadequate investment in education, compensation and training programmes. Previous studies argue employees’ compensation packages influence their willingness to stay on the job [10]. However, Allen and Khalid & Nawab [11,12] posits that employee participation schemes promote equal opportunities that enhance employees’ commitment and retention.

Studies such as Agyen-Gyasi [13] concentrated on non-academic staff. Kwegyir-Aggrey [4] focused on both academic and non-academic staff, but did not employ any rigorous analytical technique as employed in the current study. Moreover, studies such as Manogharan, Thivaharan & Rahman [14], have focused on private institutions. According to Osibanjo et al. [8], majority of papers on compensation and labour turnover concentrated on the banking industry while few have been done in the educational sector.

This paper analysed the effect of monetary rewards on employees’ intention to quit in Cape Coast Technical University. The aim is to contribute to literature on the development of effective compensation systems in institutions such as technical universities. With the increasing number of tertiary institutions in Ghana, a study into academic staff fluidity is much more critical. Specifically, it sought to examine how salaries, allowances, incentive packages, fringe benefits and bonuses influence employees’ intention to quit. The study also looked at situation at the Cape Coast Technical University because previous studies have looked at the situation in other technical and private universities in Ghana [4, 3].

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

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

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

2.1 Compensation Practices

According to Odunlade [15], rewards entail a blend of four pay, benefits, financial incentives, and non-financial rewards. In addition, Adeniji & Osibanjo [16] described compensation as direct and indirect. They stressed that as employees receive compensation in an organization, it serves to enhance satisfaction, reduce intention to quit and increase outcome. As Adeniji and Osibanjo [16] submits, direct rewards include wages, salaries, bonuses and commission. Furthermore, indirect rewards consist of incentives, medical benefits, housing allowance, annual leave allowances and training opportunities [17]. Studies including [16,17] show reward impact on all people in organization and constitute a competitive tool [16]. Therefore, developing a reward scheme is a critical exercise in compensation administration as it impacts on satisfaction, performance and the intention to quit an organisation. Ehsan [18] submits critical aspects of compensation. In his exposition, he made reference to direct (wages and salary) and indirect compensation (fringe benefits) as was espoused in earlier studies [19]. Such rewards have been found to influence employees to stay or quit [18].

In this study, compensation practices were measured using packages such as salaries, bonus, incentives, fringe benefits and allowances [20]. Previous studies found these packages influence the intentions to quit of staff [20].

2.2 Employees’ Intention to Quit

Studies on employees’ intention to quit and compensation have been mixed. For instance, Lewis and Selden & Moynihan [21,22] found inverse relationship between bonuses and allowances and employees’ voluntary turnover. Seldon and Moynihan [22] submitted that well-designed employee bonuses and allowances are appropriate strategies for recruiting, motivating, and maintaining public sector workers.

Chelladurai [23] is of the view that employees’ satisfaction is a blend of what they perceive their efforts and job desires are and what they expect in exchange for their contribution. If workers feel that their output and offerings exceed the rewards from the institution and job, especially in pay, dissatisfaction occurs leading to intention to quit. Carmeli & Weisberg [24] classified such intentions as withdrawal cognition process, namely having thoughts of quitting the job; having the intention to search for a different job; and then having the intention to quit. In his work, Mobley [25] viewed intention to quit as the culmination of a decision process, whereby the worker initiates the process by assessing his or her present situation, followed by several stages.

Prihati, Oetomo & Utomo [26] found that compensation, organizational climate, and career development has significant inverse relationship with intentions to quit. Furthermore, the outcome revealed organization’s commitment influences intention to quit. Rampur [27] further stressed that lack of opportunity for advancement or growth can be a reason for intention to leave any organization. Ryan & Sagas [28] found that a high level of pay relative to that of competitors can warrant that an organisation attracts and retain superior human resource. Pay may be one-way employees assess whether their time and effort are worthwhile.

Chiboiswa, Samuel & Chipunza [29] examined employee retention strategy and found labour turnover intention are prevalent within non-managerial staff. The study revealed the high
The rate of labour turnover is largely attributed to inappropriate compensation administration. Their study added a little dimension to this discussion that were not in most of the studies when they analysed the managerial and non-managerial groups and their intentions to quit. Phonsanam [30] concluded that it is strategically appropriate to provide commiserating reward to retain current staff, than to incur turnover costs due to frequent exit. This study also brought into the issue of compensation and intentions to quit in the hospitality industry. Similarly, Bagri, Babu & Kukreti [31] found that, lack of training and career growth opportunities in hotels are the basis for staff’s intention to exit their organisations.

Danquah [3] explored the determinants of career choice, job satisfaction and intention to quit of academic staff in three private universities and found retention to be poor because most of the faculty indicated they would prefer working in public universities they had the opportunity. In a similar study, Essiam, Mensah, Kudu & Gyamfi [32] discovered that although there was some indirect compensation in the university, productivity was still negatively affected because some other benefits were not satisfactorily administered. Yet, there are still no current studies in public tertiary institutions in Ghana to analyse compensation and intention to quit.

Furthermore, Jonathan, Thibeli & Casius [33] found that, intrinsic and extrinsic satisfaction had significant negative relationship with intention to leave and intrinsic satisfaction indicated stronger prediction of teachers’ intention to leave. On their part, Yousaf, Latif, Aslam & Saddiqui [10] analysed financial and non-financial rewards on employee motivation. They concluded that although financial rewards are important for employee motivation, non-financial rewards cannot be under-estimated. Osibanjo et al. [8] stressed on compensation packages as a tool for employees’ performance and intention to quit. They suggested management should endeavour to review compensation packages at various levels in order to earn employees’ satisfaction and prevent high labour turnover.

Joarder, Subhan, Ghani & Islam [34] found pay and supports were significant and negatively related to faculty intention to quit behaviour in any condition. Using correlation, Mehrez & Bakri [35] found positive relationship between proper human resource practices, job satisfaction and intention to stay. Other recent studies have focused on either perception of pay equity [36], studied in jurisdictions and sectors other than education [37], and have employed different methods [38]. The current study analysed the compensation-intentions to quit nexus, looking at public university using structural equation modelling. This method is found to be one of the most appropriate techniques in analysing relationships among behavioural variables.

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

- H₁: allowances and employees’ intention to quit
- H₂: wages and salaries and intentions to quit
- H₃: incentive packages and employees’ intentions to quit
- H₄: fringe benefits and intentions to quit
- H₅: bonuses and employees’ intention to quit

### 2.3 Conceptual Framework

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

From Fig. 1, it can be revealed that components of compensation include allowances, fringe benefits, salary, bonus and incentives. When employers ensure these components or practices are favourable to the employees by increasing allowances, fringe benefits, salaries or pay and incentives, workers might show appreciation by working harder. This in turn increases the performance and output of the workers and that also reduces their intention to leave from one organisation to another. Hence, employees have the intention to stay to reciprocate the financial and non-financial rewards received from the organisation. In a form of social exchange, employees work harder by going an extra mile to increase performance and productivity. Linking
this to the theoretical framework, when organisations reward its employees for the services rendered by compensating them, they repeat the same behaviour that earned them the compensation and that will increase performance and hence enhance intention to stay in the organisation. On the other hand, when there are no favourable compensation practices such as no or small allowances, fringe benefits, low salaries or pay, and incentive packages, employees might be tempted to move to other organisation where these practices are effective. As employees realize their efforts are higher than the compensation they receive, they might not be satisfied with their rewards and that can adversely influence performance; hence a development of intention to leave for better options.

3. METHODOLOGY

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

The study adopted the descriptive survey design because it allows for a wide range of data collection strategies including the use of questionnaire and interview as well as a combination of methods which provide a quicker rate of responses. This design provides the opportunity to examine the compensation practices employed by the university. Furthermore, to understand the nature and interactions between the variables, the quantitative approach was employed.

3.1 Measurement of Variables

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

3.1.1 Intentions to quit

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

3.1.2 Compensation practices

The proxy for compensation practices were pay, allowance, incentives, bonuses and fringe benefits.
3.2 Data and Data Collection Instrument

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

The section on indicators of monetary compensation was sub-divided into four made up constructs on salary and wages, allowance, fringe benefits and incentives.

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

3.3 Data Processing and Analysis

Data was edited, coded and processed using SPSS and the Smart PLS. Data was analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). PLS-SEM is a blend of factor analysis and path analysis into one broad statistical method [41,42]. Partial Least Square (PLS) analysis was used to estimate parameters for the measurement and structural models. The SEM-PLS package provides the capability to estimate PLS path models [43,42]. This technique is appropriate in operationalizing behavioral intentions [44] and is more robust relatively in handling small sample size [45].

4. RESULTS AND DISCUSSION

Descriptive statistics was employed to ascertain the behaviour of the data. The results of the analyses were presented in Table 1. From the Table, it was observed that variables were within the normal range of skewness and kurtosis (i.e. < ± 2.58, c.f. [46]. Table 1 have both positive and negative skewness and kurtosis values. According to Pallant [47], negative or positive skewness and kurtosis is not an indication.

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

4.1 Theoretical Model

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

Table 1. Descriptive statistics

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

Source: Field Data, 2017

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

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

4.3 Reliability

In Partial Least Square (PLS), there was the need to assess individual factor reliability. This was analysed by assessing the loadings of the corresponding factors on their respective latent constructs [48]. The rule of thumb was higher loadings imply there is more shared variance between the construct and its measures, than the error variance. In this study, the criteria of .50 as recommended by Hulland [49] were adapted for the retention of factors. According to Bhakar et al. [50], in PLS, loadings of respective factors on their respective latent constructs are examined, to assess the reliability of the factors. When the factor loadings were closely examined, one factor of allowance (.435), and one factor of intention to quit (.887) were reported with substandard factor loadings (< .50). The two factors were dropped from the further investigations. The final model for further investigations is presented in Fig. 2.

In analysing the reliability of the variables the Fornell and Larcker’s (FL) measurement of composite reliability [46] as well as the Cronbach alpha were used. Normally, FL measurement is preferred to the use of the Cronbach alpha due to the fact that it produces much more appropriate estimate of variance shared by the respective indicators. The other advantage is that its estimates are obtained through item loadings obtained within nomological network [46]. The composite factor reliability coefficients of the constructs ranged from .766 to .910, which meets the benchmark [46]. Similarly, Wong [48] also intimated that a composite reliability of approximately .6 is acceptable for exploratory study. Table 2 presents the outcome of the Average Variance Extracted (AVE) values obtained from the partial least square algorithms, the factor loadings, the Cronbach alpha and the composite reliability.

4.4 Convergent Validity

According to Rouibah, Ramayah & May [51], convergent validity measures the extent to which items measuring the same concept agree. To determine whether convergent validity is attained, there is the need to check the variance extracted for each factor [45]. The decision rule for attaining convergent validity is that the value for variance extracted should exceed .508 [45]. This condition was satisfied in this study. The values for the variance extracted ranged between .528 and .628 from Table 2 which meets the convergent validity criteria as intimated [48]. The results show that the scale used largely possessed convergent validity.

![Fig. 2. Test of the research model (PLS, n=100)](image-url)
Table 2. Factor loadings, Cronbach’s alpha, composite reliability and AVE

<table>
<thead>
<tr>
<th>Allowance</th>
<th>Factor loadings</th>
<th>Cronbach alpha</th>
<th>Composite reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allow1</td>
<td>0.896</td>
<td>0.880</td>
<td>0.888</td>
<td>0.621</td>
</tr>
<tr>
<td>Allow2</td>
<td>0.679</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allow3</td>
<td>0.850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allow4</td>
<td>0.935</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe-Benefit</td>
<td></td>
<td>0.595</td>
<td>0.745</td>
<td>0.528</td>
</tr>
<tr>
<td>Finben1</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finben2</td>
<td>0.757</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finben3</td>
<td>0.641</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentives</td>
<td></td>
<td>0.850</td>
<td>0.867</td>
<td>0.568</td>
</tr>
<tr>
<td>Incent1</td>
<td>0.696</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incent2</td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incent3</td>
<td>0.752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incent4</td>
<td>0.707</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incent5</td>
<td>0.895</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and wages</td>
<td></td>
<td>0.792</td>
<td>0.848</td>
<td>0.530</td>
</tr>
<tr>
<td>Saw1</td>
<td>0.656</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saw2</td>
<td>0.850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saw3</td>
<td>0.793</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saw4</td>
<td>0.748</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saw5</td>
<td>0.704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intention to Quit</td>
<td></td>
<td>0.344</td>
<td>0.558</td>
<td>0.628</td>
</tr>
<tr>
<td>Intentoquit1</td>
<td>0.830</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intentoquit2</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intentoquit3</td>
<td>0.971</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data, 2016.

4.5 Discriminant Validity

Discriminant validity measures the extent to which the individual constructs differ from others in the model [52]. In a similar vein, Wong [48] suggested that the ‘square root’ of the AVE of each latent variable should be higher than the correlations among the latent variables. The condition for discriminant validity was provided by Fornell and Larcker [53]. Here, the pair-wise correlations between factors obtained were related to the variance extracted for the constructs constituting each possible pair. The rule of thumb is that discriminant validity is attained when the constructs have an AVE loading greater than 0.5. This implies that at least 50% of the measurement variance was captured by the construct [52]. Furthermore, discriminant validity is achieved when the diagonal elements are significantly higher than the off-diagonal values in the parallel rows and columns. The diagonal elements are the square root of the AVE score for each construct (salary, incentives, allowances and intention to quit). The results as presented in Table 3 shows indicates that the discriminant validity is satisfied items load higher on their own than others. For all the construct, the square root of the AVEs is more that the square correlations indicating discriminant validity [52].

4.6 Structural Model Analysis

Partial Least Squares (PLS) is made of two path models. The initial one is the measurement model that connects the observed variables to their own latent variables. Next, is the structural model that connects some endogenous latent variables to other latent variables that were presented. The measurement model is also called the outer model and the structural model is known as the inner model [54]. In order to test the structural model and the hypotheses, there was the need to determine the path coefficients. This is due to the fact that in Partial Least Squares, normality in data distribution may not be a necessary condition for analysis. It is
evaluated with $R^2$ computation for dependent latent variables [48] and the average variance extracted [48]. The initial item for the partial least squares helps determine how well the model fits the hypothesized relationship, is the squared multiple correlations ($R^2$) for each dependent construct in the model. The $R^2$ measures a construct’s percent variation that is explained by the model [55].

The quality of the structural model for each endogenous block can be evaluated by the redundancy index which is the ability of the model to forecast its manifest variables from the indirectly connected latent variables [56]. Since the aim of partial least squares is to maximize variance explained rather than fit, the prediction-oriented measures such as $R^2$ are used to assess PLS models [52]. Bootstrapping procedure using 1000 sub samples is performed to examine the statistical significance of each path coefficient [48]. Table 4 shows hypothesized path coefficients along with their bootstrap values, ‘T’ values.

### 4.7 Allowance and intention to quit

The study assessed the relationship between the variables using path analysis. The relationship between allowance and intention to quit was not significant ($t = .209, p > .05$). There was an inverse relationship between the variables. Hence the first hypothesis was supported. This indicates allowances do not predict necessarily predict employees’ intentions to quit among staff of the institution. Other conditions including non-monetary incentives may be necessary reasons for employees to develop a quitting intention. The findings are inconsistent with the views espoused in [57]. According to Jonas, Roginsky & Zunic [57], whenever employees felt there were insufficient allowances and bonuses, they sometimes begin to formulate reasons for leaving their jobs. Rosser [58] further posits perceptions of work-life, including allowances and bonuses, have impact on job satisfaction and intentions to leave.

Similarly, Giles [59] suggests that when employees realize that their efforts are not rewarded with bonuses and allowances, they do not feel cherished in their organisations, it might lead to intentions to leave. To implement an appropriate allowance and bonuses policy, a bottom-up approach should be adopted. This is where the views of employees are incorporated into the policy decision making process to make it fair and acceptable. In contrast, Selden and Moynihan [22] discovered a significant and inverse relationship between high bonuses and allowances and voluntary turnover, although a study by Lewis [21] fails to confirm the importance of allowances and bonuses in reducing voluntary turnover rates among federal employees.

### Table 3. Results summary for Fornell and Larcker

<table>
<thead>
<tr>
<th>Allow.</th>
<th>Fringe-benefit</th>
<th>Incentive</th>
<th>Intention to Quit</th>
<th>Salaries and wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance</td>
<td>.788</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe-benefit</td>
<td>.410</td>
<td>.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentives</td>
<td>.495</td>
<td>.334</td>
<td>.753</td>
<td></td>
</tr>
<tr>
<td>Intention to Quit</td>
<td>.354</td>
<td>.229</td>
<td>.210</td>
<td>.792</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>.641</td>
<td>.496</td>
<td>.409</td>
<td>.408</td>
</tr>
</tbody>
</table>

Source: Field data, 2016.

### Table 4. Path coefficients along with their bootstrap values, ‘T’ values

<table>
<thead>
<tr>
<th>Path Coefficient (O)</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
<th>T (O/STERR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance - &gt; Intention to Quit</td>
<td>-.050</td>
<td>.209</td>
<td>.209</td>
</tr>
<tr>
<td>Fringe-Benefit - &gt; Intention to Quit</td>
<td>-.096</td>
<td>.181</td>
<td>.181</td>
</tr>
<tr>
<td>Incentives - &gt; Intention to Quit</td>
<td>-.160</td>
<td>.240</td>
<td>.240</td>
</tr>
<tr>
<td>Salary and wages - &gt; Intention to Quit</td>
<td>-.156</td>
<td>.290</td>
<td>.290</td>
</tr>
</tbody>
</table>

Source: Field data, 2016.
4.8 Fringe benefits and intention to quit

The casual relationship between fringe benefits and intention to quit was not significant ($t = .53, p > .05$). There was a negative relationship between the variables. This indicates employees’ fringe benefits are not adequate predictors of one’s intentions to quit. Therefore, the second hypothesis is also supported. The finding is not consistent with the views put forward by Rampur [27]. He concluded employees usually plan to leave because of the lack of benefits available to them in the company in which they work. He noted that employees prefer other companies which may provide them with higher posts and increased compensation packages. In a similar vein, Berger and Berger [60] maintains that employment benefits such as retirement, health insurance, life insurance, disability insurance, paid leave, paid holidays, flexible scheduling, and educational assistance have been shown to bond an employee to the employing organization and as such result in a strong correlation between benefits and intention to quit.

4.9 Employees’ Incentives and Intention to Quit

The relationship between employees’ incentives and intention to quit was not significant ($t = .67, p > .05$). Furthermore, the there was an inverse relationship between incentives and quitting intentions. This implies incentives is not good predictor of employee’s intention to quit.

The finding does not support the position of Aube, Rousseau & Morin [61], who intimated that perceived organisation support and incentive packages can have a direct influence on an employee’s intention to quit. This implies that, if the employee feels there will be no incentive packages and support from the organisation, his or her intention to quit might increase. Similarly, Firth [62] affirms Aube, Rousseau & Morin earlier position and reiterated that social support and provision of incentive packages from supervisors indirectly reduces burnout, which in turn reduces the intention to quit among employees. For this reason, most employees remain with an organisation because of the positive features associated with their jobs.

In contrast, Allen, Shore and Griffeth [63] concluded that incentive packages and support are negatively related to intention to quit. They maintained that the relationships between incentive packages and intention to quit are however mediated by commitment and job satisfaction. This means that, if employees experience high levels of perceived organizational incentive and support, they are less prone to experiencing turnover intent.

4.10 Salaries and Wages and Intention to Quit

The relationship between employees’ salaries and intention to quit was not significant ($t = .54, p > .05$). This indicates employees’ salaries are not good predictors of quitting intentions. However, it was observed that employees’ salaries change in an inverse proportion to intention. Rampur [27], concluded that employees plan to leave a company because of low pay. Similarly, Ryan and Sagas [64] submitted that workers are fulfilled with their reward if it commensurate with their efforts. If they find that their contribution is more than the rewards from the institution, dissatisfaction results and, hence, intentions to quit.

5. CONCLUSIONS AND POLICY RECOMMENDATIONS

The study examined effect of salary, allowance, incentive packages, fringe benefit and bonus on employees’ intention to quit.

Employees’ willingness to stay on the job largely depends on compensation packages they receive from employers. Compensation plays a key factor in attracting and retaining the best employees and ensuring the organization has the competitive edge in an increasingly competitive world. This is largely documented in literature. However, this study found allowances, salaries, fringe benefits, incentives and bonuses were not good predictors of quitting intentions of employees. This implies the presence of these compensation packages did not necessarily retain employees. Other factors, presumably, non-monetary packages could predict employees’ intention to quit better than these monetary elements.

However, the inverse relationships between the dependent variable and the predictors show the more these compensation packages are offered to the employees, the lesser their intention to quit.

It is recommended management do not focus only on monetary rewards in trying to retain employees in the institution. Managers should
consider providing intrinsic incentives such as personal development opportunities, granting high level autonomy, speeding up promotion, empowerment and delegation of tasks to employees. Further, the university authorities should foster trust and confidence among key senior officers in order to inspire other staff to give off their best.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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