

**EMPLOYEE BENEFIT PROGRAMS AND LABOUR TURNOVER  
A CASE STUDY OF NATIONAL SOCIAL SECURITY FUND IN KAMPALA-UGANDA**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF APPLIED SCIENCE  
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THE AWARD OF A BACHELOR'S DEGREE  
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UNIVERSITY**

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**DECLARATION**

I **BABIRYE NALUUTU ELEANOR** do hereby declare to the best of my knowledge that this Report is my original work and that it has never been submitted to any university or any other institution.

*Babirye Naluutu Eleanor*.....

**SIGNATURE**

*09 / 19 / 2013*.....

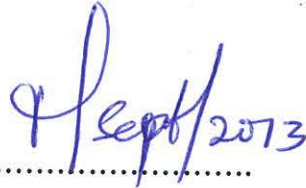
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**APPROVAL**

This is to satisfy that this report has been done under my supervision and guidance as university supervisor and it's ready for examination.



.....  
**SUPERVISOR MR. SSALI MASHOOD**



.....  
**DATE**

## DEDICATION

I **Babirye Naluutu Eleanor** dedicate this report to my parents, Mrs Joyce Nassanga and Mr Sempeebwa Aaron for all the moral and financial support they have given to me.

I also dedicate to my Supervisor MR. Ssali Mashood for all the patience and advice he has given to me. Without whom this would be very hard to complete.

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In a very special way, I lengthen my sincere thanks to My Family for their patience, proof reading, outstanding guidance, dedicated attention, suggestions and encouragement that sustained me, motivated and helped me accomplish this research.

May God bless them all.

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## **ABSTRACT**

The study examined the employee benefit programs and labour turnover

The objectives of the study were to identify the types of employees benefits programs used in organizations, investigate the causes of labour turnover and to establish the relationship between the employee benefit programs and labour turnover.

Analytical research methodology was used; Data was collected from secondary sources: namely textbooks, Uganda Constitution, New Employment Act, NSSF Act, Newspapers, Publications, Journals, and Internet.

The findings of the study showed that employees benefit programs may be as a result of government legislation, voluntary and miscellaneous benefits. It was discovered that employee benefit programs are offered as a supplement to wages and salaries and such benefits programs are aimed to induce employees loyalty and induce happier employee and retain competent employees, and this implied that where there are improper employee benefit programs, labour turnover is inevitable.

In conclusion, absence or improper employee benefit programs found to be the major causes of labour turnover. However there are other causes of labour turnover, which were not catered for in this study since the study was only limited to examine the employee benefit programs and labour turnover.

## CHAPTER ONE

### INTRODUCTION

#### 1.0 Introduction

#### 1.1 Background of the Study

Employee benefit programs are considered a fundamental tool in achieving good results from employees in form of quality services, good image of the organization (Armstrong, 2006). And this leads the employees to change work habits and key behaviours that can benefit the whole organization (wells, 1998). Koontz and Melhrich (1999), states that most organization both public and private sector design benefit programs to retain employees in organizations on long term interest of the enterprise. Robbins (2003), points out that managers should design employee benefit programs in what seem to be in an equitable manner. And fairness should he practiced to all employees when distributing employee benefit program regardless of sex (Huggins. 1 995).

Lawler (1997), states that organizations should consider the costs along with employee benefits programs like medical benefits, miscellaneous benefits, when all other factors are equal. And the lowest cost of employee benefit programs should be preferable to the management or cost effective (Kovach, 1990). Blostin.(2000), reported labour turn over being high in organizations which do not consider employees benefits programs like involuntary benefits and medical benefits, and concluded that labour turn over is unavoidable in such organizations either caused by unavoidable factors or avoidable factors. There fore for organizations to do away with labour turnover have to design proper employee benefit programs in order to achieve a competitive advantage and retain competent employees (Henernen, 2004)

Despite of organizations effort to achieve desirable performance through the employee benefit programs, labour turn over in organizations still is on high rate therefore, this calls for investigations on how employee benefit programs affect the labour turn over.

#### 1.2 Statement of the Problem

Organizations world over, continue to use employee benefit programs in order to attract good employees, increase employee morale, reduce turn over, enhance image (Davis, 2003,

Armstrong, 2006 Cole. 2002). What should be noted is that employee benefit programs do not probably motivate employees to high performance. However, there is evidence that absence of adequate employee benefit programs can contribute to employee dissatisfaction and increased absenteeism and turn over (Decenzo, 2003, Davar 2006). Thus this necessitates knowing the effect of employee benefit programs and labour turn over.

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

The purpose of the study is to assess the relationship of employee benefit programs and labour turn over.

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

- i. To identify the types of employee benefit programs used in organizations.
- ii. To investigate the causes of labour turn over.
- iii. To establish the relationship between employee benefit programs and labour turnover.

### **1.5 Research Questions**

- i. What are the types of employee benefit programs used in organizations.
- ii. What are the causes of labour turn over?
- iii. What is the relationship between employee benefit programs and labour turn over?

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

The study was conceptual based o employee benefit programs as independent theoretical and labor turn over as dependent variable. The study will be carried out in National Social Security Fund. The study focused only employee benefit programs and labor turn over.

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

Managers shall be endowed with knowledge of employee benefit programmes that shall help them to reduce the rate of labour turnover

It will lead competitiveness of different organizations in the market and internally within the organization.

The report will be used by the future researchers as reference to their work.

It will be use in designing policies by the policy makers especially by the human resource department in many various organization.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

In this chapter some of the salient issues presented by various scholars in the relation to this topic of employee benefit programs and labour turn over which are going to be reviewed.

#### 2.1 Employee Benefit Programs

Employee Benefit programs in the context of organization have been defined differently by different scholars and these include Armstrong (2006), defined employee benefit programs as that are not strictly remuneration like annual holidays And Cole (2002), defined employee benefits programs as non-pay benefits that is to say “ benefits in kind’. Fringe benefits or perks. However, Davar (2007), states that fringe benefits are given to employees in addition to their normal wage or salary compensation.

The new Employment Act (2006), defines employee benefit programs as a duty of the employer to provide involuntary and voluntary employee benefit programs in regard to the above definitions, Organizations pumps so much money into employee benefit programs of which they believe, shall produce good results, low labour turn over (Schuler 1999). And it is vital for organizations to know the different types of employee benefit programs it wishes to offer to the employees.

Marsh and Rleiner (1998), classified them in that they fall into two categories, mandated and voluntary benefit programs. Bhambra (1999), classified employee benefit programs into status, security and work. Armstrong (1999), classified employee benefit programs as personal security, finance assistance, personal needs and company car. And Decenzo (2003), classified them as vacations, rest period, sick leave, and services. Schuler (1999), classified them as protection programs, paid leave, miscellaneous benefits. Cole (2002), classified them as work related, status related, Naval (1990) classified them as retirement benefits, safety and health provisions, payment without work, recreation benefits

However of all the classifications the discussion puts the employee benefits programs under three categories of employee benefit programs and these include, mandated employee benefit programs, Voluntary employee benefit programs and miscellaneous benefit programs.

## **2.2 Mandated Employee Benefit Programs**

Certain employee benefit programs must be supplied by the organization for its employees, regardless of whether it wants to or not. With a few exceptions that will be noted, the hiring of any employees the organizations to pay social security premium, unemployment compensation the payment of these costs by the organization provides the employee with financial protection at termination, and also it provides benefits to the employees dependents in case of his or her death. Employee benefits required by law include, social security, and pension programs (Cole 2002, Decenzo 2003, Employment Act 2006, National Social Security Fund Act, 1986).

The Walley, Robbins and Cater (1999), defined social security as the protection of standards that the worker has for himself and his family in employment however, [www.nssfug.org](http://www.nssfug.org) (2009) defined Social Security as a public mechanism instituted for the protection of members of society against social and economic hazards. And examples include, Social insurance programs, operates under the same principles of common in insurance, where pool of finances with which family members will be compensated should a misfortune strike to any of their members (Schuler 1999, Decenzo 2003, Cole 2002).

Social assistance benefit program set up for the people who fall below certain minimum levels of income. The main purpose of the social allowance is to ensure that most needy members of the security benefit, and it is non- contributory (Schuler 1999, et al).

Social allowances employee benefit programs which are universal nature They are granted to specific categories of people like the aged people they are non-contribution on part the beneficiaries and have few stigmas attached to them (Cole 2000, Davis 2002, et al) However Schuler (1999), categorized it under the miscellaneous benefits and he termed it as Eider care assistance.

Provident fund employee benefit programs which are compulsory income savings programs Here employees are required to save part of their earnings for future needs they are normally statutory

in most cases, both the workers and the employees contribute to this fund For example in Uganda employers contribution is ten percent 10% and employee's contribution is five percent 5% to the National Social Security Fund. Thus a total of 15% will cater for the employees' remuneration (National Social Security Fund Act 1986, Employment Act 2006). However, Davar (2006) and Schuler (1999), call them retirement benefits which consists pension fund, provident fund, and gratuity so that employees may not become of a sudden void of emoluments on their retirement or ceasing to be in the service of the company concerned

The Oxford Advanced learners Dictionary (2009), it is the sum of money paid regularly by government to people above a certain age like the old age pension, Army pension, According to Armstrong (2006), pension is an arrangement under which an Employer provides pension for employees when they retire, This program applies to all employees of factory or organizations (Davar 2006 and Cole 2002) Though Decenzo and Robbins (2003), asserts that pension are expensive benefits for the organizations to provide hut are necessary if organizations are to attract and keep valuable employees.

There are of pension programs which specify the benefit employees shall get at retirement that is defined benefit pension program, and amount is typically fixed monthly income for life and the employer is responsible for annually contributing an amount into a trust fund (Cole 2002, Schuler 1999, Natal 1990, Davar 2006). There are other different types and include the following, The defined contribution pension programs specify the employers contribution but cannot predetermine the employees' actual pension benefit, Hybird schemes combines final salary and money purchase arrangements in various ways, Executive pension programs which acts as arrangements for topping up pensions for senior executives may be members for an executives pension programs with a normal retirement age of 65. The maximum benefits payable to members of the executive pension programs will take into account of their pensions from the group scheme or programs (Davar et al, 2006).

The preceding review focused on the increasing costs associated with required employee benefits. Not only the tax rates imposed on both employers and employees appear to be high, but also the costs of the voluntary employee benefits offered. Thus below are voluntary benefit programs offered by employers.

Safety provision programs, every enlightened management is concerned with the employee's safety at work it is the duty of the human resource department to ensure that employees are offered protective wears and this promotes good employee safety and health which would result in greater employee efficiency and productivity (New Employment Act 2006, Davar 2006).

### **2.3 Voluntary Employee Benefit Programs**

In addition to the employee benefit programs required by law, many employers also provide other kinds of benefits voluntary and these services that employees find desirable (Armstrong, 2006). However Decenzo and Robbins (2003), includes service benefits, and can be provided by the organizations at no cost to the employee or at significant reduction from what might have to be paid without the organization's support:

The following are examples, Vacations, after employees have been with an organization for a specific period of time, they usually become eligible for a paid vacation Common practices are to relate the length of vacation to the length of tenure and job classification in the organization. For example, after six months services with organization, an employee may be eligible for one week's vacation, after a year (Decenzo and Robbins. 2003) The rationale behind the paid vacation is to provide a break in which employee can refresh themselves, and it's an important concept (Myer, 1998) . However Schuler (1999), categorized into two major categories namely, time not worked off the job (holidays, sick days, vacations) and time not worked on the job (rest period, wash up times, or lunch),

Medical benefits, the employer can provide medical for the employees in cases sickness, maternity and employment injury (Davar, 2006). Managers anticipated significant cost of savings by coordinating private medical programs unfortunately this has not been proven to be true (Schuler, 1999, Armstrong 2006). It is the employer's duty to provide medical care to



employees in order to have a health work resources in the organizations (New Employment Act 2006). However the Ugandan government is proposing to come up legal health insurance scheme for all employees (Kwesiga, 2009).

Counseling, every manager has a responsibility to counsel his subordinates. When individual managers are unable to deal with specific problems requiring the counseling services of a professional, organization can offer the services of a full time, in house counselor or refer the employee to community service (Decenzo and Robbin5 200 Myerj 1998). And counseling need not to be limited to work related issues, marital problems, problems with the children, financial difficulties, or general psychiatric problems may not be directly related to the job (Myer 1993 Armstrong 2006).

Housing, organizations with facilities in isolated areas, where housing is scare. Where costs are unusually high, or where there is a high risk in ownership. May provide employees with option of organization supported and supplemented housing. For example it can be provided to the executives in some organizations or all employees at all levels with an aim of recruiting competent employees (Decenzo 2003 Uganda Telecom Company Guide, 2007).

Company Cars and Petrol, here an organization provides employees with cars so that they can do their work effectively and this Armstrong (2006) classified them as personal needs had he adds that those benefits provide entitlements that recognize the interface between work and domestic needs or responsibilities.

Cultural activities, in an effort to broaden the interests and assist in the overall growth of employees, organizations may provide cultural benefits such as free ticket to plays or operas, participation in a company Great Books club, or creation and use of a company (Decenzo and Robbins, 2003) The costs of such benefits are usually minimal, yet they provide an opportunity for the employee to grow and develop, and these benefits, while paternalistic in nature, can produce closer ties between employees and employers. (Ruggins

## **2.4 Miscellaneous Benefits**

These are the benefits that enable organizations to manager workforce diversity effectively and examples under this include. Eldercare, day-care. Wellness programs and employee perquisites (Perks) (Schuler, 1999).

Day-care, organizations have provided childcare assistance for their employees where it is a responsibility that is shared; in fact United States of America a survey of 10,345 establishments employing 10 or more workers showed that 63 percent of the employers offer some benefits or schedule help or services relating to childcare (Schuler, 1999 and Armstrong 2006). According to Campbell Soup Company, although childcare benefits are expensive they tend to attract bigger pool of potential employees Wellness programs, with increased awareness of the relationship between job stress and coronary heart disease and other physical and mental disabilities, organizations have become concerned with improving employee health. (Schuler,1999). Research indicates that when people are in good health, they can deal with stress better and have fewer side effects (Myer, 1998). For example organizations or institutions are providing on site athletic facilities and also establishing smoking policies like Makerere University Business School.

Employee perks or perquisites, in an attempt to equalize benefits, companies are extending to rank and file employees. Common benefits include employee discount, employer sponsored scholarships for employees and their children, low cost loans and company leased vehicles (Schuler, 1999, and Armstrong, 2006).

## **2.5 Flexible Employee Benefits**

Under the flexible benefits, employees select their benefits while maintaining a fixed total cost of remuneration. Here employees can tailor benefits to suit personal needs and obligations and aspirations (Armstrong, 2006). However Decenzo and Robbins, (2003) termed it as the cafeteria approach where employees are allowed to pick and choose those benefits that are desirable.

Decenzo and Robbins (2003), asserts that the most widely used prescription has been the cafeteria style of benefits. The cafeteria approach allows employees to pick and choose those benefits that are desirable.

The advantages of the cafeteria approach to benefits has been supported by many research studies and these include the following it makes economic sense to spend money on things perceived more valuable, the needs of different sections of the work place may be efficiently addressed. It can assist in the recruitment and retention of employees (Armstrong, 2006). However it has disadvantages and this include, each benefit must be accurately costed for inclusion in the menu, freedom of choice are more prone to flexibility (Armstrong,2006 and Schuler 1999).

## **2.6 Causes of Labor Turnover**

Ahuja (1992), Defined labour turn over as the relations between the number of persons joining the organization and leaving due to resignation, retirement to the average number on the pay roll. Labour turnover is the proportion of employees leaving the organization (Newswoman Davis 2002). Souse-Posa and Heneberger (2002), he defined it as the probability that an individual with changes his or job within a certain period of time.

The causes of labour turn over can be voluntary or in involuntary which is a problem to firms. Thus firms must investigate the causes of labour turn over in order to find better solutions thus maintaining stability at work place.

Ahuja (1992), the causes of labour turnover has been categorized into two namely, *Voluntary* and *Involuntary* which can be viewed in the following perspective. Voluntary causes of labour turn over are those which can be avoided if the conditions are put into control.

Involuntary labour turn over occur when an employee leaves the organization clue to dismissal or retirement in other words the employee is willing to work hut his or her contract of employment is brought to an end forcefully (Davar. 1995). Ahuja viewed involuntary causes of labour turn over as those occurring due to the fault beyond management control. The researcher is going base on Ahuja's point of view.

## **Involuntary causes**

As already defined above the following are the causes' retirement and dismissal.

Retirement; this occurs when employees leave the organization after reaching a certain age for example in Uganda in the Public Service an employee required retiring at the age of 65 years and this extends to 75 years for judges. This is later accompanied by retirement benefits. The reasons behind is that older people become less inefficient to perform on the job. However this assumption is quite challenge able due to the fact that an older performs better on the job than the new employee. Therefore this has made some organizations to hire retired employees on contract basis. (Employment Act)

## **Dismissal**

An employee can be dismissed from the organization due to poor performance or un-welcomed behaviors, this kind misconduct need to be treated with almost care since it can claim to be very expensive to the organization as the employee turns against to challenge the dismissal in the courts of law for unfair dismissal. Other causes of labour turnover can be as a result of education, marriage, pregnancy, housing and transport problems as discussed below.

Groot and Verb Erne (1997), indicated that older employee were less likely to change jobs and so where employees who had worked for a long period of time with their employers.

Employee engaged in job search while they are young and eventually find a good match and stay in that job for a long time (Burgess and Rees, 1997).

Well educated women were very much similar to men in their turn over behaviors, thus different rates of job turn over between men and women were due to the different behaviors of less educated women (Royalty. 1998) Employees with higher job satisfaction were less likely to quit than these with lower satisfaction (Clark, Georgellis and Sanfey, 1997).

Employees with lower job satisfaction usually have higher rates of turnover They lack self fulfillment, receive little recognition on the job or experience continual conflicts with supervisors, peer or they may have reached a personal plateau in their career as a result they are more likely to seek better jobs elsewhere (Newstom and Davis, 2002).

## **Voluntary Causes**

As already defined above by Ahuja (1992), the serious causes of labour turnover include redundancy and resignation.

### **Redundancy**

Ahuja (1992) described this as a serious cause of labour turnover which is characterized by trade, shortage of materials, inadequate planning, lack of management foresight and determination. He adds that if management properly plan the business operations such factors couldn't have occurred.

### **Resignation**

This is where an employee decides to leave an organization by giving due notice of his leaving (Myer, 1998). This occurs as a result of dissatisfaction with the job, poor care, poor working conditions which characterized by heat, noise.

Push factors are most significant for most resignations and it leads to unwanted labour turnover. Issues insufficient development, opportunities, boredom, poor levels of employee involvement. This has offered employees to leave their jobs (Philips, 1990). However Laura, Taylor and Tourrington, 2002) suggested that are those factors which forces an employee to leave the organization in order to improve their living standards and salary levels.

## **2.7 Relationships between employees benefit programs and labour turnover**

Savadi (2006), employee benefits can act as the catalyst for attracting and retaining top employees, if those benefits exceed the benefit level of their competitors thus this for this reason where increasing number of business are turning to professional employers like administer staff to gain access to a broader array of company benefits.

Organizations pay benefits in order to induce employee loyalty and commitment, generate good morals in employees and provide psychological satisfactory work environment among other things thus reducing on rate of labour turn over (Davar, 1997).

Encyclopaedic of Large Business (2006), employee benefits programs have to be linked to an overall business strategy, and when developing employee benefit programs, an entrepreneur should consider giving appropriate benefits to the employees in order to retain the competent employees, and talented employees as well as attracting the desired workforce, thus reducing the rate of labour turnover in organization (Donna, 1994).

Harris (2003), argues that benefits are often touted as a mean to reduce employ turnover. And he added that organizations in good employee benefits programs retain competent employees on long-term basis and also building a good organization reputation.

In the article of Employee Benefits Research Institute (2003), regression model were developed to determines the statistical relationship between number of core benefits a firm offers and firms level of employee turnover specifically turnover is regressed on firm size, average quarterly wages and the number of employee benefits program offered for employees in various industry grouping, Basing on Employee Benefit programs Review (2003), employees of large organization stay in their jobs longer than employees of small' establishments. The large organization provides such employee benefit programs in order to improve the employee retention, when a firm of offers employee benefit programs it decreases the probability of employees leaving from the organization (Hope, 2003).

A combination of employee benefits programs like voluntary and employee benefits program are more effective way of lowering turnover among organization that mainly part time employees in comparison to those with mostly fulltime employees. This may be a case because other positive factors such as the nature of work, environmental, conditions, autonomy mitigate the effect of employee benefits programs on turnover in predominantly fulltime organization ([www.sba.gov/research.com](http://www.sba.gov/research.com)).

Harris (2003) noted that eventually providing employee benefit programs has been significantly reduce labour turnover, providing employee benefits program may not be in the economic interest of any organization. And organization will not be motivated to provide same voluntary of an organization is to reduce the rate of its labour turn over

## 2.8 Key issues identified

Most organizations are required by law to provide benefits programs to employees like Social Security, pension (Cole (2002), Decenzo (2003), Davar (2006)). Benefits can also be voluntary given by the employers and these include vacation, housing, medical care, counseling and others (Armstrong, 1997) or can be miscellaneous benefits (Schuler, 1990), Myer (1998).

Causes of labour turnover that may be voluntary or involuntary basing on Ahuja's point of view.(Armstrong 1997, Davor 1995). Other causes of labour turnover basing on other authors (Clark and Royalty, 1998, Sanfey 1997, Davis and Newstrom 2002)

Relationship of employee benefit programs and labour turnover (Savadi 2006. Davar 1997, Encyclopaedic of Large Business 2006, Harris 2003 and Donn 1994, Employee Benefit Research Institute 2003, Hope 2003).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter gives the description of how research was conducted. It shows the research design, the type of data, data collection method, data processing and analysis and limitation of the study.

#### **3.1 Research Design**

Qualitative research design was used to establish the extent to which employee benefit programs affect labour turnover

#### **3.2 Data Type**

Secondary data was used. This involved reviewing the existing document on employee benefit programs and labour turn over.

##### **3.2.1 Source of Information**

Secondary sources of data was used where data was collected from reach! Available sources which include text book, journals, and conference proceedings. Internet and information from Ugandan constitution.

##### **3.2.2 Data Collection Methods**

Information collecting involved the researcher looking for secondary data, extracting the relevant information from the various data sources mentioned in.

##### **3.2.3 Data Processing, Methods, Presentation and Analysis**

Important information was presented for processing, where processing was done with the help of complete word processing, edited to make comparisons and conclusions for analytical purposes.

#### **3.3 Limitations of Study**

The researcher faced the following limitation

Difficulties in obtaining the secondary data, since little research has been conducted in this area, and Internet has provided limited information.



## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter presents presentation of the findings got from the secondary data and these findings have been presented according to the objectives of the study and research questions. Therefore descriptions and presentation of secondary data were made purely being on analytical design.

#### 4.1 Types of employee Benefit Programs

In line with the conduct of the research, the researcher came with the findings on the employee benefits programs given by the managers in the organization, it was discovered that organizations offer employee benefits programs as a supplement to wages and salaries.

Schuler and Davar suggested that organization pay benefits programs in order to induce employee loyalty and commitment generate good morale, induce happier employees / employer relations and also provide psychologically satisfaction in work environment.

It was found out at employee benefit programs may be as a result of government legislation, voluntary management's policy decisions, miscellaneous or bargaining power of trade union. However benefits were found, not to be an effective means of rewarding employee since they are not related to productivity or performance in organization.

Further, the researcher found out the view that employee benefit programs do not motivate employees; however the absence of adequate benefits programs or services can contribute to employee dissatisfaction and increased absenteeism and turn over.

The above view was over shadowed by Myer, Schuler and Schuler and Cole that organization that offer employee benefit programs in order to guarantee employee commitment and satisfaction which at the end leads to motivation thus reduces the rate of labour turnover.

In respect to the study, the researcher noted that organizations offer mandated benefits like health care, pension programs, social security to employees with a reason that human beings want to feel important and they want to know that their efforts are being appreciated and valued.

It was also discovered that there are several reasons why organization pumps so much money into benefit programs of which they believe that they will help to attract competent employees, motivating employees, thus improving performance this was supported by Cole, Schuler, Crawford. Though, were criticized by Decenzo and Robbins, that employee benefits programs do not motivate employees to performance.

Cole added another type of employee benefit program which is different from other authors, of whom he judged as not widely applicable which is status related benefits. They are rather different types of benefit, and some would consider them more as rewards than anything else such benefits are applied only to the most senior levels of employees.

#### **4.2 Causes of Labor Turnover**

The study found out that there are two main categories of labor turnover, which is voluntary turnover and involuntary turnover? Thus this formed a question of what causes voluntary and involuntary labour turnover, it was discovered that whether the causes of labour turnover it a serious problem in the organization, thus calling for management to intervene in investigation of the causes and right solution, to the unknown. The problems of labour turnover were mainly associated in the high costs of recruitment training and development, selection.

Ahuja, made an alternative contribution were the suggested that a part from recognition an employee may leave his job due to redundancy. Character of the trade inadequate planning. Lack of management foresight, shortage of materials was seen as the causes of redundancy.

The researcher showed that it is relatively rare for people to leave jobs in which they feel that they are motivated and even when given high salaries or wages elsewhere thus this showed that employees feel committed and satisfied with the benefit programs available, they with the benefit programs available, they will not be tempted to leave the organization.

On the other hand the researcher discovered that at times the employees are willing to work but their employment is brought to an end forcefully through retirement and dismissal (Ahuja, Davar).

Research shows that involuntary labor turnover only occurs due to the fault beyond management control. For example retirement age in the public service were an employee's reaches (35 years and 70 year for the case of Ugandan's judges, thus with this an employee is required to retire regardless of whether she/his is working or not.

Contrary to the above, the age of 65 years should not be a basis for retirement due to the fact that old people perform better on the job than new recruits. It was discovered that labour turnover could be, as result of domestic affairs likes' illness, departure from a locality housing and transport problems, death and accident.

Research shows that it is upon management to ascertain the cause management to ascertain the cause of turnover through asking the employees who wish to leave and come up with the appropriate solution. For example some of measure he suggested include, proper communication channels improvement of working conditions, and others.

#### **4.3 The relationship between employees benefits programs and labor turnover**

It was based on the fact that employees in large organizations whose benefits programs are better retain their competent employees. He further suggested that small-established organization faces high ratios of turnover in their organizations or firms due to the fact that such employees may quit the job and search for a better offer employee benefit programs.

Addition to the above, the researcher indicated a regression model to determine the statistical relationship between numbers of core benefits programs a firm offers and firms level of turnover. And he suggested that turnover is regressed on firm's size average wages, and the number of benefit programs offered by various industry groupings. Thus this was also supported by Mark, who pointed out an example of holding firm size and average quarterly wages constant, were he found that a negative relationship between number of employee benefit program and turnover.

Research found out that benefit programs do not motivate employees to higher performance, since benefits are membership based rewards offered to all employees regardless of performance. However they add that absence of adequate benefit programs can contribute to increased absenteeism and turnover. Though the above view criticized by Schuler, Armstrong, and Cole, who suggested that employee benefits motivate the employee to higher performance.

Therefore in line with the relationship between employee benefit programs and turnovers, the researcher is of a view that organizations need to pump in much money in benefit programs in order to ensure employee stability which small organizations cannot competitively cope up with, if their strategic targets are to ensure growth and profitability. Thus the researcher therefore suggests that organization should use the cafeteria style of benefits. This approach just allow-s employees to pick and chose those benefits that are desirable.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.0 Introduction

This chapter presents the conclusion as well as the recommendation basing on the research objectives. It's also suggests areas where other researchers can research about.

#### 5.1 Conclusion

The first objective was to identify types of employees benefit programs in organization. It was found out that employee benefit mainly the programs are categorized into mandatory and voluntary of which organizations have used for mandatory benefit program include social security and pension and for voluntary include health care, housing which is aimed at enabling employee to enjoy a better life to meet social or personal obligation while minimizing employment related costs

The second objective is to determine the causes of labor turnover where it was found out that ifs as a result of voluntary and mandatory causes. The voluntary causes are comprised of redundancy and resignation while the involuntary causes are retirement and dismissal. Others causes of labor turnover also include among others domestic affairs like marriage and pregnancy, illness departure from a locality, housing or transport problem, accidents and death.

The third objective was to investigate the relationship between employee benefit programs and labor turnover. The finding showed that there is a link between employee benefit programs and labor turnover. The relationship was based on the employee benefit program which is a basis for employee staying in organization hence re there are poor employee benefit programs labor turnover is inevitable

#### 5.2 Recommendations

The following measures should be in place to reduce on rate of labor turnover though it's inevitable in organization.

Management should provide benefits programs fairly or equity should exercised for all employee in the organization:

Organization should carryout survey in other competitors in order to be able w know the pay structure of those organizations and be able to pay the same rate and other organization.

Organization should carryout training to sensitize employees the various types of employee benefit programs which organization can afford like the voluntary benefits, but for mandatory it's must

### **5.3 Areas for further research**

The researcher recommends the following for further research.

Employee benefits programs and satisfaction.

Benefit programs and employee performance.

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**APPENDIX I:**  
**TIMEFRAME**

<b>MONTH (2012)</b>	<b>ACTIVITY</b>
April-May	Selecting and approval of the topic.
May – July	Writing a proposal
July- August	Collection of data
Aug- Sept	Writing a report
Sept 12-20	Binding and Submission of Dissertation



**APPENDIX II:**  
**ESTIMATED BUDGET**

<b>ITEM</b>	<b>COST</b>
Transport	40000/=
Stationary	8000/=
Internet	30000/=
Typing and Printing	60000/=
Binding	30000/=
Miscellaneous	25000/=
<b>Total</b>	<b>193000/=</b>