

**THE IMPACT OF COMPETENCY BASED PAY ON RETENTION OF
EMPLOYEES IN NATIONAL MICROFINANCE BANK:
A CASE OF ILALA BRANCHES**

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**A DISSERTATION SUBMITTED IN FULFILMENT FOR THE
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CERTIFICATION

The undersigned certify that he has read and recommend to the senate for acceptance of dissertation titled: “Assessing the Impact of Competency Based Pay On Retention of Employees In National Microfinance Bank (NMB): A Case of Ilala Branch, in fulfilment of the requirements for the degree of Master of Business Administration (MBA) of The Open University of Tanzania.

.....

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I, Petro Lameck, do hereby declare that this dissertation is my own original work and it has not been presented to any other University or Institute of Higher Learning for a similar or any other academic award.

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Date

DEDICATION

I dedicate this research paper to my lovely wife and my parents.

ABSTRACT

This research was aiming at assessing the impacts of competency based pay on the retention of employees in national Micro Finance Bank in Ilala municipality.

The methodology used to collect data from respondents included tools such as questionnaires, interviews, observation and documentation. Then findings of the study were analyzed and presented differently depending on the nature of the data analysed. The researcher used tables and pie charts to present the discussed findings.

The study found that NMB (T) Ltd, at large uses a number of methods to retain its employees. Moreover, based on the results for the standardized values, the study concludes that work conditions, fairness, promotion, and pay, are key factors contributing to employees' job retention. Despite the fact that money is a good motivator, actually all employees' work for money, employees need money, good salary and good compensations are key factors in satisfying them to work hard.

Concisely, the study recommends that despite the fact that about, 33 respondents considered working environment to be compulsory, the study recommends that it is compulsory for NMB (T) Ltd to ensure there is a good working environment that employees have access to the right equipment and clean, spacious work spaces that can make employees to be happy as they spend a lot of time in workspace. The study recommends that, so it's important to have a setting that's as free of problems as possible.

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LIST OF ABBREVIATION

BOT	Bank of Tanzania
CSRP	Civil Services Reform Program
IPM(SA)	South Africa the Institutes of Personnel Management of Southern Africa
MHRDC	Management of Human Resource Disciplinary Committee
NMB	National Micro Finance Bank
SPSS	Statistical Package for Social Science
USA	United State of America

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

In compensation one of the area of interest is competency based pay or skill based pay , this pay system has been developed already for decades and still is seen to be one of the most important trend in rewarding (Schuster,2005). Behind this lie the interest in the impacts of competency based pay on the retention of employees because the impacts of competency based pay on the retention of employees are poorly understood and under researched. Part of the poor understanding is that competency based pay is not a single system but rather a family of a loosely related pay that has different suitability, distinct tradition to different types of organization (Ledford, 2011).

One type of competency based pay which is used in the world is Depth-oriented based pay system which is conducted in the United State of America (USA). Depth oriented based pay reward employees for gaining greater expertise on the existing skills. Thus the major goal is building the critical specialized skill, attracting talent and retaining employees for a long time. Another type of competency based pay is bonus based pay system used by the armed forces in the united state of America the major goal is to manage attraction and retention in particular occupational soldiers who have high competencies are given bonus and other benefits out of basic salary. Breadth oriented based pay system is another system of competency compensation, the major goal of this system is to reward employees who have the

ability to do different jobs in the organization. This system is used in the manufacturing industries example the system is used and has become the norm in the P and G Company as the high involvement model (Ledford2011).

Ledford also said that other organization which use breadth oriented based pay are Xerox, HP and GE. In 2004 ShriramPistin and ring SPR rewarded its top performers with salary increase of 20 to 25% besides cash salary. Also LG company has linked performance to pay in order to encourage a result driven culture .The research by Moio (2003) in the two organizations namely X and Y in Finland showed that competency based pay was used ,the research found that the bonus system was used . Some people said that they did not know how their salary was determined and how pay raises were decided upon.

In Africa competency based pay is also used, For example bonus system is one of the Competency based pay used in some African armies in which the highly skilled soldiers receive bonus out of their salary. Ngirwa (2006) shows that in South Africa the Institutes of Personnel Management of Southern Africa IPM(SA) and in Zambia the institute of personnel management offer the high compensation to the members whodemonstrate high competency. Also human resource practitioners are recognized and treated differently with high salary from others.

In Tanzania the government has established the Civil Services Reform Program (CSRP), The government's fundamental goal is to establish a well –compensated, efficient and effectively- performing civil services (Wangwe, 2002). The key feature

of the program is to improve the quality, motivation, morale and performance of civil servants. Based on the above program it is evident that civil servants who have high performance are highly compensated. Also promotion of staff on the basis of merits as well as competitive remuneration of civil servants is the basis of CSRP. National Micro Finance Bank (NMB) is the financial institution which has civil servants who work under the implementation of CSRP because is under this program, competency based pay was of paramount in order to gain competitive advantage. However there was the impacts of competency based pay on the retention of employees in NMB, it is under this state the driving force of this study is to assess the impacts of competency based pay on the retention of employees of NMB in Ilala.

1.2 Statement of the Problem

Retention of employees is essential for the success of the organization thus competency based pay is one of the methods of compensation which was introduced in National Micro Finance bank in order to attract and retain employees. Although competency based pay was introduced in order to attract and retain employees in National Micro Finance bank (NMB) yet unretention of employees continue to exist. In other words there is the increase of employee's unretention in NMB regardless of the introduction of competency based pay.

The current study is therefore needed to assess the impacts of competency based pay on the retention of employees in national micro finance bank. Although there are studies conducted on competency based pay they do not show the impacts on the retention of employees. The highly competent employees go to another area to find

high salary (Ngirwa, 2006). This study yet does not state how competency based pay affect the retention of employees. (Lowson, 2013) in his study found that competency based pay affect the increase of salary . Also this study does not show the way retention of employees is affected by competency based pay, instead it focuses on the impact of competency based pay on salary increase. Gerald (2011) focused on the impact of competency based pay on average pay rate, he did not show the way retention of employees is affected by competency based pay.

The study by Moasio (2002) on competency management in Finland concentrated much on rewarding approach instead of looking at the impact of competency based pay on retention of employees. In order to ascertain whether competency based pay lead to retention of employees or not, the assessment of the impact of competency based pay on the retention of employees is very essential.

1.3 General Objective

Assessing the impacts of competency based pay on the retention of employees in national Micro Finance Bank in Ilala municipality.

1.4 Specific Objectives

- i) To analyze the relationship between competenciesbased pay and the retention of employees.
- ii) To find out the impacts of competency based pay on the retention of employees.
- iii) To examinethe methods of retaining employees when competency based pay is used.

1.5 Research Questions

- i) What is the relationship between competencies based pay and retention of employees?
- ii) What are the impacts of competency based pay on the retention of employees
- iii) What are the methods of retaining employees when competency based pay is use.

1.6 Significant of the Study

The study is important to the government, national micro finance bank, policy makers, planners and the organizations which use competency based pay. National micro finance managers will use this study for competency management and recognition of effects of competency based pay on retention of employees, also it will help the government to know the positive and negative impact of competency base pay.

The understanding of the positive and negative impacts will help the leaders or employers to make decision. Employees were used this study to know if the method of competency compensation is beneficial to them or not and therefore make decision. The study will help the organization to know whether competency based pay help to retain employees or not, based on this understanding the organization will make decision on how to retain employees through the use of competency based pay.

Planners will use this study to plan the best way of competency based pay management and best ways of retaining employees when competencies are used for

compensation. Further more policy makers will use this study to make policies of competency based pay and policy on how to retain employees by using competency compensation method. Generally it will bring the new insight and awareness to the society.

1.7 Limitation of the Study

Limitation of the study is the constraints/ obstacles that stop some thing from reaching its desired goals. The limitation is the lack of readiness of the respondent, lack of accuracy information as well as long time in waiting for information from the respondent, denial of access to information's, absenteeism of respondents and bureaucratic system.

1.8 Delimitation of the Problem

The lack of readiness was removed by encouraging readiness to respondents, lack of accuracy information will be removed by relating one information from one source and methods of data collection to information of another source and method, also correct or accuracy information will be encouraged. Time management will be encouraged to the respondents, provision of education on the importance of the study to the organizations, providing easy way of giving information to organizations, keeping close contacts with informants and determination of appropriate means of communication to avoid unnecessary bureaucratic system for example phone calls.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Definitions of Key Terms

2.1.1 Competency Based Pay

Competency based pay is defined as pay for development and application of competencies or paying employees for the range of skill, knowledge, motives, attitude that they bring to the job rather than for the job title they hold. (Agarwala, 2006). Under this approach, the standards of competencies are set and are used as the bench mark of compensation. Generally it refers to the process of paying for competencies which bring edge and employ them to gain sustainable superior performance.

2.1.2 Retention of Employees

Retention of employee is a process of keeping employees rather than losing them. In other words retention refer to the process of an employees to remain in the firm for a long time or until the time of retiring different tactics such as high wage, promotion and other methods of employees motivation. Generally retention of employees is the action of keeping employees for so long and let them remain in the organization for the long time through the creation of conducive environment.

2.1.3 National Microfinance Bank

National Micro Finance Bank (NMB) is the commercial bank in Tanzania licensed by the Bank of Tanzania (BOT). In 1997 NMB limited incorporation act was established.

In 2005 the government of the United Republic of Tanzania started privatization process and sold part of the share holding(49%) to consortium led by cooperative centraleraiffeisen-Boerenleen bank B.,A;; (Rabo bank group).In 2008 the government reduced its share to30% through selling its share to the public. In an IPO (16% and to NMB staff(5%)).NMB became listed in Dar-esSalaam on stock exchange on 6th November, 2008. NMB is the largest bank in Tanzania both when ranked by customer's base and branch network with over 145 branches. It is located in more than 95% of Tanzanian districts.

2.2 Theoretical Review

In rewarding one of the current area of interest is skill based pay or competency based pay , such pay system have been developed already for decades and still they are seen to be one of the most important trend in rewarding (Zing he in and Schuster 2005). Classic skill based pay or competency based pay focus on competency of individuals. Ledford and Heneman (2003) have written a summary of pay for skills as follows-: Competency based pay is the process of paying according to competencies, skills and knowledge. They present that most important common features is that all these pay plan rewards for employee's repertoire of capabilities instead of compensating for the job that an employee is performing at a particular time.

Competency based pay is the system of compensation in which employees are paid for the range of skills, knowledge, motives, attitudes, behaviour and outcome (Agarwala, 2007). However some literature describe competency based pay as the

one of pay for performance which include merit pay , variable pay , skills based pay and competency based pay . Based on the above explanation competency based pay must consider what employee can do, how can do and outcome. It is difficult to separate competencies, skills and knowledge, thus paying for competencies means paying for skills, knowledge since competencies need knowledge and skills.

2.2. 1 Input-Output Theory

Input- out put theory developed by Armstrong (1999) regards competency based pay as the system of compensation which involves both input and output the theory contend that input means the way the task is done .these are capacities within which people do well the job this means the skill, knowledge, and personal attributes. The theory also explain output as the actual performance and the result an the job dons by a person.

Input- Output theory was supported by Suff (2001) who stress that competency based pay is concerned with the attainment of the set standards and framework of performance (input) as well as the result of the job .

Armstrong theory also suggests that where scheme of competency based pay is introduced in the right way and right reason the organization can reap the following: Competency based pay promote the needs for greater competency, it encourage lateral career development and encourage the staff to take the responsibility. Suff (2001), suggest that the experience of organization using competency based pay indicates potential advantage which are the increase of employees' satisfaction

through the provision of the development opportunity and boost cooperation or teamwork .also recognize the person's performance, encourage employees to take responsibility. Input -Output theory distinguish the top and best performer from, other employees. It also propounded that pay differentials were related to differences in level of competencies.

This theory was relevant to my study because it explained the elements of competency compensation as the input as well as element of retention which is the outputs such as productivity. Agarwala (2007)), supported this theory, he contended that rewarding the best performer with the largest pay is motivation for employees. Moision (2002) report that in 2004 Shriram Pistons and Ring (SPR) organisations rewarded its top performer with salary increase of 20-30% beside cash pay out and bonuses. LG links performance to pay to encourage a result of driven culture (Moision, 2002).

2.2.2 Job Enrichment Theory

Job enrichment theory is the theory which was introduced by Agarwalwa (2006) .This theory propounded that job enrichment is the process of making the job more rewarding and satisfying by increasing the level of responsibility, providing more autonomy and giving opportunity for personal growth. This theory propounds that employer are rotated through different jobs to acquire range of skills. After employees master the skills in one unit they are also rotated to job in another unit in the same organisation and acquire skills. According to this theory, employees increase productivity.

This theory was useful to this study since the theory discuss issues related to the study which is competency. The theory therefore encourage the system of skill increase and monitoring. Also advocate the increase of the salary to the rotated employee.

This theory was supported by Brown (1996) who point out that without monitoring, the organization run the risk of treating the individual unfairly and wasting the talents of individuals and groups.

Brown stress that individuals generally like skills or competency based pay system better than they like job based pay system because they end up feeling better control of their pay and they end up making more money Lawler (1996) also said that competency based pay may cause the retention of employees if they feel better .According to Suff (2001) competency based pay may promote retention of employees because it cause employees satisfaction through provision of development opportunity. Further more top performers who receive higher wages may remain or stay in the respective organization for a long time,. Therefore the theory was relevant to the study because it explained the way competency was enriched and its resul which were increase of reward and giving opportunity for personal growth .

2.3 Empirical Literature Review

The Hay group research report that competencies represent the set of skills and knowledge, abilities behaviour characteristics and other attributes that predict superior performance.

Industrial society conducted a research in 1999 found that one third of employers had competency based system or had a plan to introduce it within the following 12 months. According to a research conducted in 2000 on competency and emotional intelligence Benchmarking, it was found that most employers use competency for personal process in recruitment, selection training and development rather than rewards.

Moisio (2003) in his research on compensation management found that in rewarding one of the current area of interest is competency based pay (skills based pay). Based on the above explanations, it showed that competency based pay was used and competency was used for other Human resource function such as selection and training.

A study by Moisio (2003) in the public sector in the organization "x" on reward and competency management showed that in government sectors, employers set common goals for all organization to review their salary system, one goal was to gain better employees image. The same study shows that all jobs are evaluated and scored. Scores are classified in 15 classes with negotiable salary. The higher the class the higher the salary. Therefore according to Moisio (2003). The Government sectors set standards of competencies and framework or benchmarks. They also distinguish the best or top performers and lower performers as the result the top performers receive high wages (salary) while the lower performers receive low wage (salary). The organization "x" studied by Moisio(2003) uses competency strategies which include high level education, development and professional skills and expectation on

the new salary system. “At the time of our study (2003) a new salary system had been recently implemented. Thus, Moisiu found that competency based pay motivates employees to renew their skills and competencies and reward for sharing competency and knowledge.

The study also revealed that new salary system was designed and negotiated in 1990’s and was first implemented in 1998, there was specific objectives for this new system, It aimed at supporting work motivation , improving the link between works, performance and pay as well as competency development. Therefore new salary system which was competency based pay had many advantage such as supporting work motivation and competency development in return cause the retention of employees . Competency development leads to high wages, mobility and flexibility which eventually cause employee retention in the organization.

The finding in X organization by the same person that is Moisiu showed that new salary system of competency based pay was better than the old one , the rule were now the same for all , which is perceived to be fair . Many people have now high salaries (Moisoi, 2003).

In this research however there were variations in the opinions. Those in high salary classes had more positive perceptions compared to those in low salary classes. Therefore based on these findings the fact is that those top performers who receive high salary feel motivated and may be retained but those who have low performance get low wages as the result they feel unmotivated and may not be retained.

The research in “Y” company by Moiso (2002) which was specifically aiming at findings the increase in internal mobility , means of supporting the retention and small turn over employees show that the system of pay was competency based pay where by employees position are within the range of performance and competency ,this means the high the competency the high the wages and the low the competency the low the wages.

The research in Y” company on how total rewarding concept was supporting the objectives of competency management show that in organization y” there were differences in opinions between units in which some units ,the employees were very satisfied with rewarding system ,while in some units there were less positive attitudes . Lowler (1996) stress that in today turbulent and highly competitive world strategic, competency based rewarding may be a vital question Also Adams (1999) in a survey of competency based reward who found that, these are four main ways in which employees were making the link between competency and pay 80% used competency based pay to determine promotion, 88% used competencies to determine pay rise and pay cut. 76% of organization used competency related reward for designing, grading and structuring.

Although both researchers showed that competency based pay is highly used it has problem which affect the retention of employees , an industrial society report (1998) indicates that if competency based pay is not properly controlled there is the risk of pay drift and if linked with other means , the link may be not clear which will reduce the motivational impact of competency based pay.

Competency based pay cause fear of employers concerning with the reaction of employees against the system . Adams (1996) has pointed out that if of competency based pay is not well managed the organization will run the risks of wasting the talents of individuals and treating individuals unfairly.

Therefore competency based pay will reduce the motivation of employees , the risk of the manipulation in appraisal scores, gender stereotyping ,fear concerning the reaction of the employees and treating the individual unfairly in turn all of this may cause loss of employees or talents or may course the poor relation of emphasizes.

2.6 Research Gap

There are several studies conducted on competency based pay but they do not assess the impacts of competency based pay on the retention of employees. Competency based pay provides the on going incentives to employees to enhance their ability to perform better. Employees are rewarded with salary increase when they perform better and add knowledge (Lowson,2013).

Although Lowson (2013) shows that competency based pay cause the increase of salary to higher performers, he does not show the way competency based pay may affect the retention of employees. Gerald (2011) in his study on the dilemma of skilled based pay found that employees receive more pay for rewarding new skill and competency , Gerald also did not give the impacts of competency based pay on the retention of employees. (Lowler, 1996) also in his research concentrated much on the impact of competency based pay on compensation increase of employees.

Heneman and Ledford (2002) in their research on competency management in the organization Y and X found that, core competencies are the base of compensation, however their study does not show the impact of competency based pay on the retention of employees. The survey by competency and emotional intelligent quarterly on competency based pay found that there is a fear of employers concerning employees reaction on competency based pay. However this survey did not show the impact on the retention of employees. The research by Moisio (2002) on competency management also does not show the impact of competency based pay on the retention of employees since the above studies do not explore the impact of competency based pay on employees' retention. Therefore it is this study which intends to find out the impacts of competency based pay on the retention of employees.

2.7 Conceptual Frame Work

Independent and dependent variables are essential under this study since they will be subsequently tested by data. Bellow are explanations on how independent and dependent variables relate.

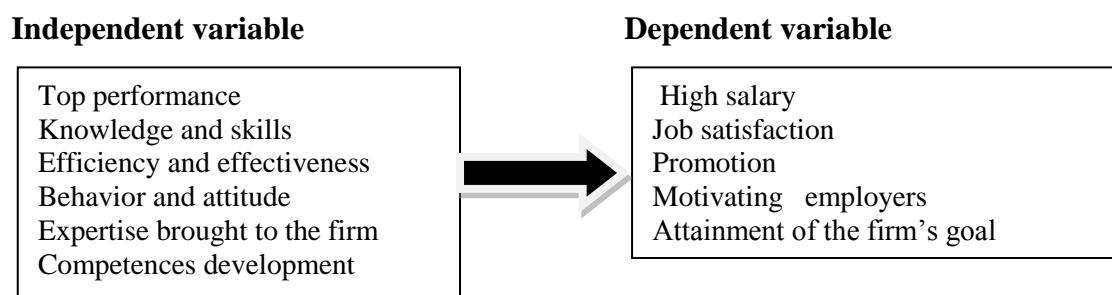


Fig2.1 Conceptual Framework

Source: Researcher Own Creation, [2013]

Top performance was linked to high salary in the following way: When top performer demonstrates high performance were paid high salary, the salary therefore depends on performance of employees. The low performance or the top performance influence the salary increases in other words the low salary or the high salary depend the low or high performance.

The top the performance the high the salary the low the performance the low the salary, thus top performance caused high salary eventually this salary attract employees. Skills and knowledge were linked to promotion in the sense that employees with high skill and knowledge cause employers to promote them contrary the low skills and knowledge affect promotion. The promotion in turn cause increase of salary and other benefits which eventually cause long stay of employees in the organization.

Efficiency and effectiveness are components of competency which motivates employers. The high efficiency and effectiveness attracts employers as the results employers add the salary and other benefits in order to retain them thus, the motivation of employers by employees depend on their efficiency and effectiveness.

Behaviour and attitudes are linked to attainment of organizational goals this is because positive behaviour and attitudes to the job and organization cause the employees to do their job very well and increase the working morale. It is very essential to perform the job in positive attitudes and behaviour. The employees with negative attitudes and behaviour reduce working morale and employer motivation as the results the organization goals will not be attained in turn the employer may sack

them out. Expertise brought to the organization or the firm is linked to promotion, high salary, employer's motivation and attainment of the firm goal. The employees who are expert demonstrate competencies and high performance these demonstration cause employers to increase the salary as the motivation also they may promote them to high post this situation attract employees to remain in the firm for a long time.

Competency development refers to increase or addition of new skill and knowledge through undergoing training or through job rotation. Competency development is linked to promotion since employees who undertake competency development are likely to be promoted or to get high salary. On top of that competency development causes the attainment of the firm objectives.

Therefore dependent variables are influenced by independent variables such that the retention of employees is attributed by the availability of high salary, job satisfaction, promotion, goal attainment, employers motivation and these attributes depend on top performance, knowledge, skills efficiency, effectiveness, behaviour, attitudes, expertise brought to the firm and competency development.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Paradigm

Research paradigm refer to the scientific approach used by the research to conduct research, it include qualitative and quantitative approach. Both qualitative and quantitative approach will be used. However qualitative method will be dominant because will describe transcribe and explain the information while quantitative method will summarize the information and a mathematical model such as mean and graphs and will be used to interpret the data.

3.2 Research Design

Research design is the arrangement and plan that aim at minimizing the time and support research paradigm, it include area of the study, population of the study sample and sampling techniques. Correlation design were used to enable the researcher to assess the degree of the relationship that exist between competency based pay and the retention of employees .Case study were used ,area of the study population of the study , sample and sample technique were appropriate.

3.2.1 Area of the Study

Area of the study is Ilala municipality found in Dares Salaam region, area is selected because has the head office of national microfinance bank. Also the municipal has other branches that will support the study. The Ilala municipality is in the city of dare s salaam that need competency based pay in order to promote competencies development. The area has other banks which cause competency competition.

3.2.2 Population of the Study

The target population is workers and employers of micro finance bank in ilala municipality. The rationale behind for choosing this population is that workers involve directly in the process of competency based pay and employers represented by managers are supervisors of competency based pay program that are affected by it. Ilala Municipality has about 5 branches each with about 21 workers including heads of units or managers , the headquarter is also found in Ilala, it has about 40 workers including managers Therefore about 124 people were involved for all branches.

Table 3.1: Number of Population

	Head quarter	Kariakoo	Tabata	MnaziMmoja	Buguruni
Employees	30	15	15	15	15
Managers	10	6	6	6	6
Total	40	21	21	21	21

Source: Researcher Survey (2013)

3.2.3 Sample and Sampling techniques

Kothari (2008) defines sample as a collection of some parts of the population on the basis of which judgment is made small enough to convenient data collection and large enough to be a true representative of the population from which it had been selected. Sample size refers to a number of items to be selected from the universe to constitute a sample. The sample must be optimum. An optimum sample is one which fulfils requirements of efficiency, reliability and flexibility.

According to Kothari (2008), sampling is defined as the selection of some parts of aggregate of the totality based on which a judgment or inference about the aggregate

or totality is made. It is a process of choosing a group of people, events, behaviour, or other elements with which to conduct a study. An important issue influencing the choice of a sampling technique is whether a sampling frame is available, that is, a list of units comprising the study population.

Hence, the researcher used at least 18 and 30 people from the above mentioned managers and employees respectively for interview in each branch. This is to say the population of the study were 48 respondents. Also he distributed questionnaires for those who had not have time for interview.

He distributed two types of questionnaires namely general and specific questionnaires; where he distributed general questionnaires to people working in NMB branches. The specific questionnaires were distributed to researcher's population of the study; to cover the vacuum of attempting interview as most of them were occupied and busy with their work.

Table 3.2: The Managers and Employeesto Be Used In the Sample

Head Quarter	Managers	6	Employees	10
Kariakoo Branch	Managers	3	Employees	5
Tabata Branch	Managers	3	Employees	5
Buguruni	Managers	3	Employees	5
MnaziMmoja Branch	Managers	3	Employees	5
Total		18		30

Source: Research Findings, 2013

3.2.3.1 Simple Random Sampling

According to Krishnaswamiand Ranganatham (2005), simple random sampling is a sampling technique which gives each element an equal and independent chance of

being selected. Simple random sampling was used to get representatives from different targets sample from all parts of Ilala where NMB branches are available. It was used to ensure that a good number of representatives are involved; this is because the technique provides an equal chance of selection for all elements in the population.

3.2.3.2 Purposive or Judgmental Sampling

The researcher chose this method as a sample based on whom they think would be appropriate for the study. This method is used primarily when there are a limited number of people that have expertise in the area to be researched. The researcher used purposive sampling technique to collect data, where he singled out people who exactly helped him with this particular study, mainly from NMB Branch managers and employees. This aim at obtaining the typicality and specific relevance of the sampling units to the study and not their overall representativeness to population. The researcher picked only those respondents who met purpose of the study.

3.3 Data Collection

Data collection is a term used to describe an action of preparing and collecting data as part of a process of improvement or similar project. The purpose of data collection is to obtain information to keep on record, to make decisions about important issues, to pass information on to others. Primarily, data are collected to provide information regarding a specific topic.

Data collection usually takes place early on in an improvement project, and is often through a data collection plan which often contains the following activity; Pre

collection activity - agree on goals, target data, definitions, methods; Collection - data collection; and present findings - usually involves some form of sorting analysis and/or presentation.

Prior to any data collection, pre-collection activity was one of the most crucial steps in the process. It was often discovered too late that the value of their interview information is discounted as a consequence of poor sampling of both questions and informants and poor elicitation techniques therefore to address this problem good sampling of questions and the information as well as good elicitation techniques were observed. After pre-collection activity was fully completed, data collection in the field, whether by interviewing or other methods, were carried out in a structured, systematic and scientific way.

Furthermore, a formal data collection process is necessary as it ensures that data gathered are both defined and accurate and that subsequent decisions based on arguments embodied in the findings are valid. The process provides both a baseline from which to measure from and in certain cases a targets on what to improve.

3.3.1 Types of Data

3.3.1.1 Primary Data

Primary data is the data collected by the researcher himself/herself or by research assistants from the field for the purpose of answering a research question/issue, (Adam and Kamuzora, 2008). Thus, researcher collected primary data himself. Because primary data do not pass any statistical process, these data was collected through interview and questionnaires formulated by the researcher.

3.3.1.2 Secondary Data

Adam and Kamuzora (2008) define secondary data as data that obtained from literature sources or data collected by other people for some other purposes. The secondary data provide second hand information and include both raw data and published ones.

Therefore, researcher obtained the data through the documentary review in which various documents and records were reviewed in gathering more information, evidential documents, books and records related to competency based pay and the retention of employees were used, since data need to be passed through statistical process, researcher passed them through varied statistical packages to obtain clearness.

3.3.2 Tools of Data Collection

Data are facts, figures and other relevant materials, past and present, serving as a base for study and analysis. Some examples of data are gender, diseases or marks obtained by the study of a class in a test on a particular subject, and the type of news read by newspaper reader.

For this study, the researcher used both primary and secondary sources. It is worthwhile noting that primary sources comprised interviews, questionnaires, and various discussions and meetings for the purpose of generating information. Secondary source in turn included journals, documents official reports, internet sources and thesis. They were visited during the survey of literature review. The reason behind the adoption for several techniques is that there is a truth that the

strengths of one method offset the weakness of other methods. The build-up of the data collection tools based on the research objectives and research questions. Hence, the researcher used three instruments as described earlier in collecting his data from the field.

The researcher also used face-to-face interviews and handle the questions that would be used in the face-to-face interview for the respondents who had not having enough time for interview. On the other hand, researcher intended to conduct face-to-face interview due to the fact that, he could be able to observe direct facial expression of his respondents. Also, such kind of interview enabled researcher to obtain extra information, which cannot be obtained from other techniques.

3.3.2.1 Questionnaires

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. There are two broad categories of questions that used in questionnaires such as structured or closed ended and unstructured or open ended questions. This method uses a set of questions for collecting data, with the help of a set of questions. It is the most convenient method of obtaining a limited amount of information from a large number of people.

The questions from the basis of the questionnaire method are formed with a purpose to dig for information related to the study. Basically this is the best method of collecting information from the respondents in the shortest possible time and without spending a lot of resources within limited time.

3.3.2.2 Interview

According to Kothari (2006) an interview is a set of question administered through oral or verbal communication or is a face-to-face discussion between the researcher and the interviewee/ respondent.

Ibid (2008), states that interview can be used through personal interviews and if possible through telephone interview. In collection of data, researcher used structured and unstructured interview. In structured interview, the questions, their wording and their sequences were fixed and identified for every respondent, (Saunders et al 2005). This type is highly standardized and the interviewer follows rigid procedures, asking questions in a form prescribed. (Kothari, 2008), this method collects information, views and opinion from respondents that the researcher cannot capture from the questionnaire. It is a quick method of collecting data compared to questionnaires. It is more flexible where the interviewer could adapt to the situation and get as much information as possible.

3.4 Data Analysis

Data analysis is a process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains. In this regard, researcher applied some techniques such as descriptive statistics and exploratory data analysis in analyzing obtained data. Hence, data collected during the study was reduced into summary

form. The summary was processed by using various computer programs such as Excel and Statistical Packages for Social Sciences (SPSS). The research findings were organized and presented by using words, numbers and percentages by using tables, charts and graphs as to the requirement of this study.

3.5 Validity and Reliability

For the purpose of establishing the validity and reliability of the study, an interview was conducted where researcher asked varied questions to testify reliability of his sources. This is done to identify questions that might be unclear or indefinite to the respondents and any non-verbal behaviour of the participants that may possibly show uneasiness or awkwardness about the comfortable or phrasing. This allowed improvements to be done before the distribution of questionnaires to a larger sample. Prior arrangements were made to meet respondents for this interview then questionnaires were administered to respondents.

3.6 Ethical Issues

Fisher (2010), assume that when you are doing your research you should not treat people unfairly or badly. You should not harm people, or use the information you discover in your research to harm them, or allow it to be used to do harm (Fisher C.et al, 2010). This may sound alarmist and you should not assume that you will be beset by such problems when you are doing research. Nevertheless, it is sensible to anticipate whether any such difficulties might occur.

Thus, in determining the fundamental ethical issues; researcher put up with the system of ethical protections that the contemporary social research establishment is

created to try to protect better the rights of their research participants. Researcher also stood for the principle of voluntary participation that requires people not to be forced into participating in research. He followed the ethical standards that required researchers not to put participants in a situation of harm or risk as a result of their participation; confidentiality was observed, information was not be made available to anyone who is not directly involved in the study.

CHAPTER FOUR

3.0 RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

This specific chapter is dealt with the presentation, discussion and analysis of the obtained field findings of this study. The collected data, which obtained throughout the study, was cautiously looked for its comprehensiveness, its accurateness, its clarity and its consistency. In order to have actual and reliable data, the collected data was routed in various data processing software including Microsoft Excel whereby all necessary dimensions were presented in tables by using words, numbers and percentages and then into charts and graphs for easy presentation of the processed data.

4.2 Characteristics of Respondents

It was considered to be important to know the gender, the level of education for the respondents of this study as much as their employee working experience in order to obtain the real picture of the findings. The study assumed that these variables influence employees' competencies and retention which lead to motivation within the organization as well as retention employee towards impact of employees' motivation on performance at NMB Ilala Branch.

4.2.1 Sex Parity at NMB (T) Ltd

A question on sex of respondents was asked to ascertain their sex and type of motivate they receive while they are at NMB Ilala Branch. In some circles women in work places, as pointed out by Kamel (1998) are disadvantaged because they lack

basic skills required to get the benefits of employees' motivation schemes. In order to obtain the correct data, the researcher decided to do secondary data collection whereby the researcher went through three years Annual Reports (2010 – 2013).

The findings of this review showed that, gender parity at the NMB can consider to be at least fair as in 2010 the Bank had 2,610 employees, out of which 1,106 were female and 1,504 were male; in the year 2011 the Bank had 2,650 employees, out of which 1,535 were male and 1,115 were female and in the year 2012 the Bank had 2,783 employees, out of which 1,606 were male and 1,177 were female.

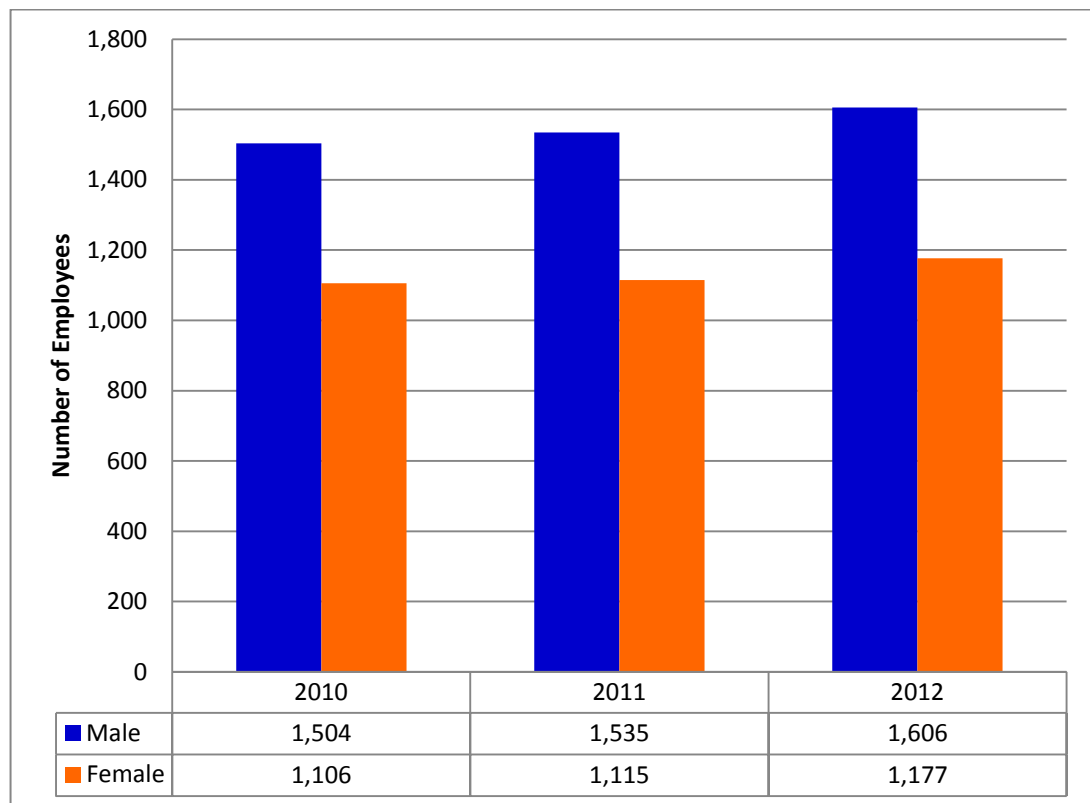


Figure 4.1: Sex Parity at NMB Tanzania

Source: Research Findings, 2013

From the figure 4.1, the findings show that NMB (T) Ltd has been fairly employs female employees as in the year 2010 at least 42.3% were female staff, however, in

the year 2011 the number of female employees were 42%. This shows that there was a drop of 0.3% of female employees in this year. But it at least stabilizes to 42.3% in the year 2012.

Based on this study, the researcher used a total of 48 respondents among the 20 were female. The researcher used this ratio in order to accommodate the 42% of the total employees of NMB (T) Ltd as it was indicated in the previous part. This made the remaining male respondents to 28, who made 58% of the total respondents. The table 4.1 below provides the detailed population of the study as per identified branches.

Table 4.1: Sex Distribution

Branch	Female	Male
Head Quarter	7	9
Kariakoo Branch	4	5
Tabata Branch	3	5
Buguruni	3	5
MnaziMmoja Branch	3	5
Total	19	28

Source: Research Findings, 2013

From the table 4.1 the findings reveal that many of the female employees' respondents were picked from NMB IlalaHead QuarterandKariakoo Branch as they

employ many female employees who work in different capacities from bank tellers to cashiers as well as customer care representatives.

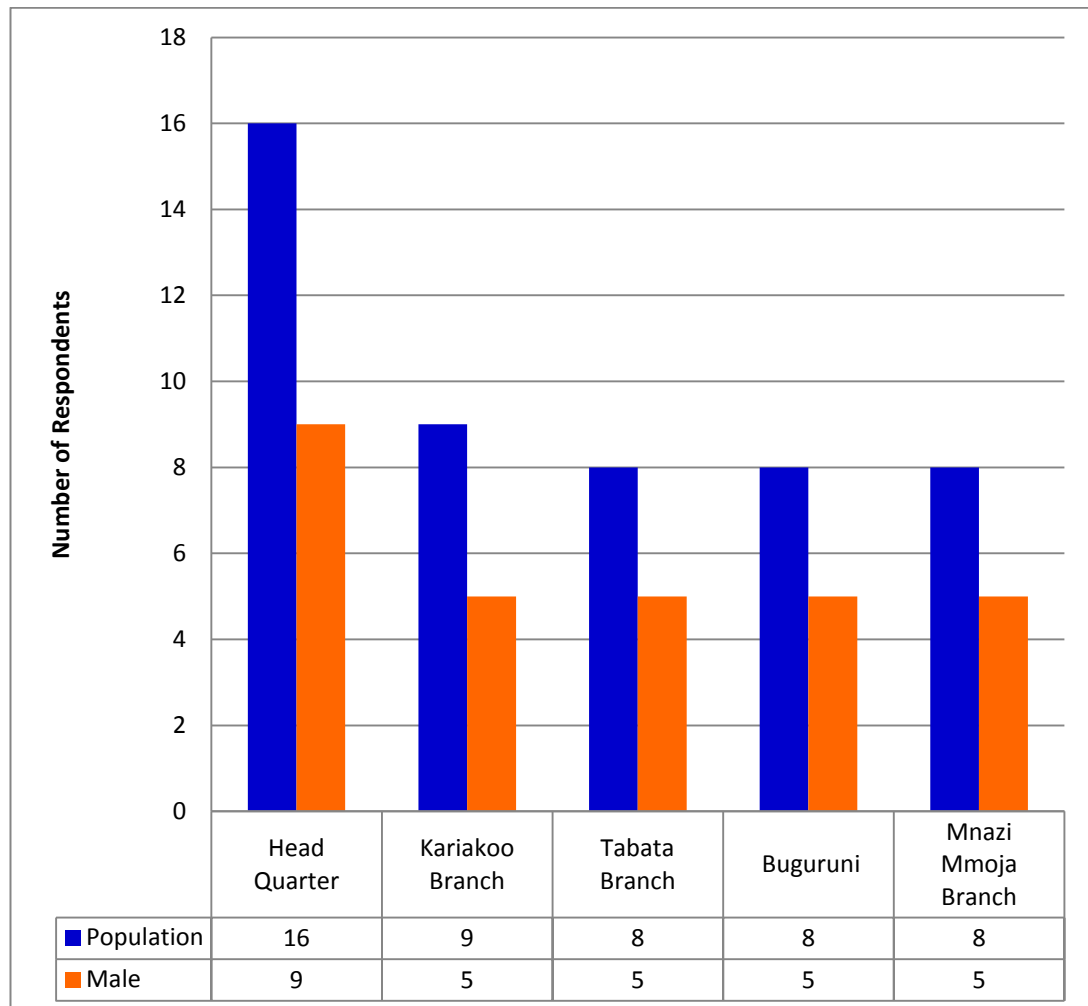


Figure 4.2: Sex Distribution

Source: Research Findings, 2013

4.2.2 Respondents' Level of Education

As to the previous trait, this characteristic was considered to determine the influence of level of education in relation to this study. Researcher assumes that education plays a great role in mastering job performance, as it can lead to better productivity as employees become capable of executing their works. The table below provides

detailed information of education level as per interviewed respondents. This is an elaborative data and was used as a representation of such trait.

Table 4.2: Respondents' Level of Education

Level of Education	Number of employees	Percent
Phd	0	0
Masters	6	12.5
Bachelors	28	58.3
Diploma	10	20.8
Others	4	8.3
Total	48	100

Source: Research Findings, 2013

Table 4.2 indicates that the big group of NMB Ilala Branch acquired bachelor degrees as their entry qualification. This group consumed about 58.3% of the total respondents. It is considered that NMB Ilala Branch is among NMB (T) Ltd branches with big number of graduates. The next group with big number of employees is Diploma holders as it has almost 20.8% (10 respondents). Only six (6) respondents have Masters. No employee with Phd and Primary education at all levels.

Moreover, from the data findings, most of the respondents revealed that NMB (T) Ltd does not have a favourable Policy that ensures its employees acquired the highest education. They confirmed that there is no paid leave for employees who want to acquire the highest level of education. Therefore, the researcher assumes that, such a reason back employees spirit of seeking higher education.

4.2.3 Respondents' Working Experience

The demographic information tenure of office was asked to enable the researcher to ensure that the findings were not influenced by factors such as the length of service. For example people that have just joined NMB Ilala Branch might not be able to know much about competency based pay on retention. Therefore the composition of respondents from the inexperienced to the most experienced in terms of tenure of office would help with reliability of the findings. Thus, there was a question on experience of office in the questionnaire. This, however, was not used to analyse the findings of the research.

The idea to include tenure of office was meant to give an understanding of the respondents' knowledge on the study. This also provides reliability of the findings since they do not be influenced by the tenure of office. All the 42 employees responded to the question on tenure of office and the responses are shown in the table below.

Table 4.3: Respondents' Working Experience

Category	Age Group	Number	Respondents' Percentage (%)
Fresher	Less than 5 years	12	25
Less Experienced	5 years – 10 years	17	35
Experienced	10 years – 20 years	15	30
Senior Staff	20 years and above	5	10
Total		48	100

Source: Research Findings, 2013

The findings reveal that out of 42 returned questionnaires a total of twelve (12) employees had served in the NMB Ilala Branch for less than 5 years, 17 employees for 5-10 years and 10-15 years respectively. The rest of the other officers 15 and five (5) employees had been with the NMB Ilala Branch for 15-20 years and 20 years and above respectively. The findings reveal that tenure of office in the less than 5 years group is 25% and is the lowest among the tenure groups. The highest percentage falls in the 5-10 years at 35%, followed by 30% for the above 10 - 20 years group. The 20 years and above group share a piece 10%.

4.3 Research Findings as per set Research Objectives

This section tries to underline and discuss the results and the findings based on key objectives of the study. The analysis done on the data collected from respondents. This research focuses on the factors contributing to employees' competency based pay on retention in NMB Ilala Branch. Discussions try to accomplish all the objectives of the study. In this instance, for simplicity of analysis and findings, this part focuses on the levels of employee competency based pay on retention in NMB Ilala Branch.

4.3.1 To Analyse the Relationship Between Competencies Based Pay and the Retention of Employees

Based on this objective, the researcher divided this objective in two parts; the researcher needed to analyse the competencies of employees before analyses the payment, which influence the retention of employees at NMB Ilala Branch. Hence, there are two opinions on this objective.

4.3.1.1 Employees Opinion on CompetencyBased Pay

The question was asked as follows; what are employees' opinions on competency based pay? The answer ranged from very satisfied to not to be satisfied. Employees were asked questions on how important was each of the statements (see table 4.4) to them in respect of job retention.

Particulars	Not at all important	Neutral	Agree	Total Respondents' level
When competency based pay are used employees remain in the organization for a long time	10	3	35	48
Paying according to competencies of employees motivate competent workers to remain in the organization for a long time	9	2	37	48
Do you agree that the higher the competency of employees in the organization the better the salary.	3	10	35	48
Having higher education lead to competency	15	2	31	48
Total number of Frequency	37	17	138	48

Table 4.4: Overall Employee Opinion on Competency Based Pay

Source: Research Findings, 2013

The findings reveal that there are a mixture of opinions on each of the set parameter that needed to be obtained from the employees in four areas namely, When competency based pay are used employees remain in the organization for a long

time; Paying according to competencies of employees motivate competent workers to remain in the organization for a long time; if they agree that the higher the competency of employees in the organization the better the salary and having higher education level lead to competency.

As shown in table 4.4, the mixture of feeling on competency based pay, the researcher decided to ask the respondents to give reasons to their answers. The reasons for not being satisfied varied as per each individual respondent. For example, those who are satisfied (27) have their argument on the basis of being fairly paid. On the contrary, those who are not satisfied (17) relate it with minimal and unfairness remunerations offerings. The others (8) were not happy at the moment but they believe if changes are made they might be satisfied with this method.

From the findings it implies that NMB Ilala Branch has been experiencing big number of the employee who are satisfied with the above explained factors of Competency Based Pay and that is clearly indicated in the above graph, the satisfied have scored the high percentage as there are many who are satisfied by their own factors.

4.3.1.2 Employees Opinion on Retention

This section is the second part, which was delivered from the second objective of the study. The question was asked as follows; what are employees' opinions on retention? Employees were asked questions on how important was each of the statements (see table 4.5) to them in respect of retention. The following list of questions was provided and respondents were tick on the factors that they consider to be relevant with their job retention.

Table 4.5: Overall Employee Opinion on Retention

Particular	Not at all well	About average	Extremely well
I am comfortable with fairly paid and my fringe benefits.	1	3	38
I feel comfortable with rewards I get for doing a good job in the company	2	6	34
I am satisfied with care I receive from my immediate supervisor(s).	3	3	36
I am satisfied with support I get from company administrators.	2	3	37
I am happy with the appreciations I get from employer for the contribution I make in the company	2	3	37
I am happy with support I receive from administrators.	2	3	37
I am satisfied with the company's physical working environment.	6	3	33
My relationship with fellow workers is good and colleagues value my contribution in the company.	1	32	9
I enjoy job security	1	7	34
I am comfortable with the clear roles and specified job description	0	10	32

Source: Research Findings, 2013

From the table 4.5, the findings show that there are five key factors that most of respondents attribute them to the employees' job retention. These include Clear roles and specified job description, the relation with supervisors or managers, High level of salaries paid to employees, Relationship with co-workers, and Job Security.

4.3.1.3 Clear Roles and Specified Job Description

Clear roles and specified job description also is ranked high while many employees about 76% they are satisfied with their job and the duties and responsibilities are well defined that lead them to perform well their operations on daily to daily basis. A total

of 32 respondents that make that 67% assume that clear roles and specified job description make them to meet the company goals, objectives and targets that make the company grow very high and increase the number of employees every year as the business is growing rapidly. About 10 employees (24%) considered this factor as a minimal to their job retention. No any employee who denied this factor as inept in their job retention.

4.3.1.4 The Relation with Supervisors Or Managers

It was found that the relation with supervisors or managers also this ranked the top out of all the factors above and 86% of all the respondents have comment that they are satisfied with their job due to good mutual relationship with their supervisors. These 36 respondents agreed that their supervisors them hand and support whenever needed when attending customers and on providing quality services as a team work that comprises of Line Managers and all other employees who reporting to them. About six respondents (6), three (3) from each category (not at all well and about average) respectively do not consider this as a valid factor. This makes a total of 14% of the total response level.

4.3.1.5 High Level of Salaries Paid to Employees

Moreover, the findings reveal that employees who have senior positions also ranked at the top whereby almost 90% of 42 (38) employees have ranked to be highly satisfied with the salaries, bonuses, and responsibilities allowances they are paid by the company as per the illustration from table 4.6 above, while also this have got some of the few percentage of the employees that is 7% said they are not satisfied

and also no one is highly dissatisfied at all, but due to unemployment problem within a country they have decided to work so as to meet their small part of the living standard even not to that quality as the life demands is too high. This also benefit the employee in the mining who are paid responsibilities allowances and overtime at the end of the month they find themselves having a lot of money to earn their living. About two (2) respondents did not deem financial motivation as a key factor to their job retention.

4.3.1.6 Job Security

From the findings, the job security was another job related factors for employee job retention that accounted for 81% of the respondents, many employees feel secured with their job and this is due to the fair treatment that all the employees are receiving from the company which means all the employees are treated fair with the same standards by following company rules and regulations and make sure they implement well the company policies that give them a secured terms and conditions on their jobs, so the employees feel secured by the long contract that they have signed, having good medical insurance services and as well life insurance for any spouse of the employee who will die (wife/husband).

These 34 respondents presume that the company will compensate the family with a certain amount of money to cover the family expenses and as well the three month salary and this is applied for only if an employee died while performing company operations. Only seven (7) respondents and one (1) respondent did not give much emphasis on this factor.

4.3.1.7 Relationship with Co-workers

Most of respondents ranked this factor in minimal percentages as only nine (9) respondents agree on this factor. In terms of level of relationship with co-workers in NMB Ilala Branch, the study found that 32 respondents who are equal to 76% of the respondents perceived relationship with co-workers to be about average and they are highly satisfied and it has a big support on performing their operation toward organization success, as well three (3) respondents do not consider or rather not satisfied with co-worker relationships. The findings are summarized in figure: 4.6

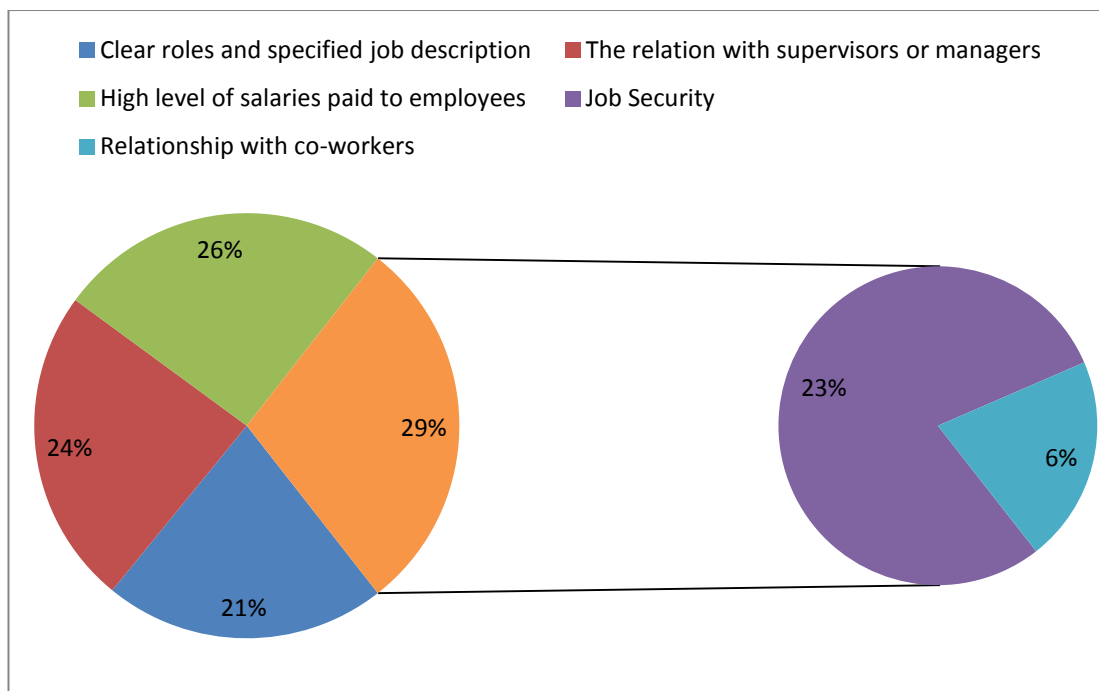


Figure 4.6: Overall Employee Opinion on Retention

Source: Research Findings, 2013

From the Figure 4.7 the findings reveal that the clear roles and specified job description received 21% of the total distribution factors, while the relation with supervisors or managers 24%, High level of salaries paid to employees 26%, while

Job Security 23% and the relationship with co-workers scored minimal percentage as it scored only 6% of the total distribution of the factors. The above factors for Employee job retention shows that, despite the numerous aspects of a job, there are a few that specifically allow for greater improvement of retention. According to the study in NMB Ilala Branch, workplace support and job quality collectively influencing job retention.

4.3.2 To find out the Impacts of Competency Based Pay on the Retention of Employees

On this objective, researcher wanted to explore on the impact of competency based pay on the retention of employees to NMB Ilala Branch and its organizational performance at large. The findings was obtained after conducting an interview with the in charge Human Resources affairs at NMB Ilala Branch. According to her, the impact of competency based pay on the retention of employees is considered to be higher. This is justified by the increment of employees.

The findings of this review showed that, an influx of employees at the NMB can consider to be increased as in 2010 the Bank had 2,610 employees, out of which 1,106 were female and 1,504 were male; in the year 2011 the Bank had 2,650 employees, out of which 1,535 were male and 1,115 were female and in the year 2012 the Bank had 2,783 employees, out of which 1,606 were male and 1,177 were female.

However, the study found that there are legal claims, whereby various employees have taken legal action against the Bank for unfair dismissal for example. Moreover,

various loan customers are suing the Bank. NMB admits that the amounts claimed in both situations are not material and professional advice indicates that it is unlikely that any significant loss will arise, (NMB 2010, NMB 2011 and NMB 2012). Moreover, the researcher decided to go through the Annual Performance reports in order to get a real picture of the book performance. The researcher that, due to the introduction of this method, NMB (T) Ltd has been doing well in its business as shown below in Figure 4.8 and 4.9.

Share performance		2008	2009	2010	2011	2012
Basic and diluted earnings per share	Tzs	97	95	108	144	195
Dividends per share	Tzs	30	31	36	50	68
Closing share price	Tzs	970	810	660	850	1,120
Number of shares in issue	Million	500	500	500	500	500
Dividend cover (times)		3.3	3.0	3.0	2.9	2.9
Net asset value per share	Tzs	319	384	461	569	714
Dividend yield - ordinary dividend	%	3%	4%	5%	6%	6%
Earnings yield - ordinary dividend	%	10%	12%	16%	17%	17%
Price to Book ratio		3.0	2.1	1.4	1.5	1.6
Price: Earnings ratio - ordinary shares		10.0	8.5	6.1	5.9	5.7
Market capitalisation	Tzs Million	485,000	405,000	330,000	425,000	560,000
Net Assets	Tzs Million	159,689	192,239	230,520	284,359	356,954
Volume of shares transacted	Million	12.2	20.7	6.4	23.0	8.7
Exchange weighted share price (Tzs)	Tzs	1,057	805	758	786	954

Figure 4.8: NMB Share Performance from 2008 to 2012

Source: NMB Annual Performance Report, 2012

4.3.3 To examine the Methods of Retaining Employees When Competency Based Pay Is Used

This section is delivered from the third objective of the study, which was to examine the methods of retaining employees when competency based pay is used at NMB

Ilala Branch. The question was set to influence the retention of employees. The question was what are the methods of retaining employees when competency based pay is used.

In order to obtain the answers for this objective; the researcher conducted thorough review on the three NMB (T) Ltd's annual performance reports and conducted interviews with NMB Ilala Branch, human resources personnel. The findings were as follow:

4.3.3.1 Management and Employees' Relationship

NMB (T) Ltd does believe that employees with appropriate skills and experience in running the business are a key resource available to the Bank and they assist in pursuing the Bank's business objectives. Henceforth, having good relationship with them is vital. Hence, in observing this, NMB (T) Ltd put in place the Management Human Resources Disciplinary Committee (MHRDC); the objective of (MHRDC) is to ensure fairness in the implementation of the disciplinary code to staff, especially in cases of gross misconduct.

The Committee has the mandate to adjudicate cases of alleged misconduct by a staff member brought to its attention, with particular reference to the requirements of the labour laws of Tanzania. In the event of being aggrieved by the decision of the MHRDC, the employee may appeal to the Disciplinary Appeals Committee (DAC). The DAC is mandated to hear the appellant's grounds of appeal and evaluate the merits in the context of the available information and make appropriate decisions.

Hence, for three consecutive years (2010, 2011, and 2012) there was continued good relation between employees and management for the year 2012. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the Trade Union, (NMB 2010, NMB 2011 and NMB 2012).

This healthy relationship has been influencing the Board, Management and NMB employees to be committed to upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the attainment of good governance and excellent performance in any organisation.

Hence, the study assumes and considers the Bank as an equal opportunity employer. Since, NMB gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

4.3.3.2 Employees Shareholding

In order to make closer and loyalty in serving the Bank, NMB (T) Ltd introduced the shareholding policy to its employees. The study found that, over 2,600 of the employees are shareholders in NMB and together with their families have a direct interest and stake in our long-term success.

Local employees own 16,098,200 or 3.2% of the bank's shares, (NMB, 2010). This method has been attracting more people to seek employment at NMB (T) Ltd, as a

result has attracted 2,783 employees, out of which 1,606 were male and 1,177 were female. This makes NMB (T) Ltd one of the largest private sector employers in Tanzania.

4.3.3.3 Employees' Union

There was continued good relations between Management and the "FIBUCA" Trade Union representatives in 2011 and both parties signed a Collective Bargaining Agreement on 1st July 2011. Management and union leadership continue to ensure that a healthy labour relationship is maintained through continued discussions and labour law training sessions for staff representatives. Performance Management continued to be embedded across the bank and staff and their union representatives also participated in a training workshop during the annual congress in December 2011.

4.3.3.4 Remuneration Practices

Management continued to ensure that the bank's remuneration practices were aligned to those of our banking peers and the bank participated in an industry wide salary and benefits survey and implemented salary reviews across the bank based on these surveys. Moreover, the bank also launched its Staff Mortgage Policy in 2011 to support staff in acquiring residential property at preferential rates, (NMB 2011).

4.3.3.5 Employee Benefits

The second legal and statutory method, which is used by NMB to retain its employees, is employees' welfare; the Bank pays contributions to publicly

administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

The study found that the Bank has a statutory requirement to contribute to the Parastatal Pension Fund (PPF), which is a defined contribution scheme. The Bank contributes 15% of the required 20% of gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The Bank has no legal or constructive obligation to pay further contributions if PPF does not hold sufficient assets to pay all employees the benefit relating to the employees service in the current and prior periods.

Moreover, the study found that the estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

4.3.3.6 Training Facilities

For example during 2012 the Bank spent TZS 1,901 million (in 2011: TZS 1,724) on staff training in order to improve employees' technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development, (NMB 2011 and NMB 2012). employees.

The study found that NMB (T) Ltd had invested much on Training facilities in the year 2010, whereby a total of TZS 2349 million was used for such purpose.

Moreover, the study found that in the year 2011 a minimal amount of money was invested (only TZS 1724 million), while the Bank increased about TZS 177 million in the year 2012.

Moreover, in reflecting on the results of the bank, it is also useful to look at the bank's value added statement, which indicates that, of all the value added created by NMB, it has allocated 31% or TZS 66.4 billion to government (in the form of corporate taxes, and PAYE), 34% or TZS 75.9 billion to Employees (salaries and benefits), 11% or TZS 25 billion to providers of capital (dividends), and 23% or TZS 53.9 billion to expansion and growth of its operations, (NMB 2012).

4.3.3.7 Medical Assistance

All members of staff and their spouses up to a maximum number of four beneficiaries (dependants) for each employee were availed medical services by the Bank through an external service provider.

4.3.3.8 Financial Assistance To Staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. Loans provided to employees include vehicle loans, personal loans and other advances.

4.3.3.9 Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff

becoming disabled, every effort is made to ensure that their employment with the Bank continues and appropriate training is arranged. It is the policy of the Bank that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Despite of all these initiatives, study found that the Bank has been encouraging its employees' on participating in the CSR activities. Various activities were carried out during the year including supporting schools by providing school desks. The Bank launched financial fitness program with the objective of teaching secondary school students basic skills on financial management

CHAPTER FIVE

5.0 SUMMARY OF THE FINDINGS ITS DISCUSSION, CONCLUSION AND RECOMMENDATIONS

This chapter presents the synopsis of the data collected, presented, analysed and the discussed findings, conclusions and recommendations that base on the regard to the study findings and objectives. Moreover, the rationale behind this chapter is based on the principle of the research work, and reassessed literatures for proper discussion of the findings that were presented in the previous chapter. Eventually, the chapter offers the recommendations for further action and for further studies.

5.1 Summary of Findings

As indicated in the preliminary research, the purpose of the competency based payment is to identify the advantage which can increase the organisation performance in line with the employees' retention through the provision of the development opportunity and boost cooperation or teamwork, Suff (2001). Moreover, the rationale of the competency based pay is also recognized person's performance, encourage employees to take responsibility. Competency based pay allow the organization to distinguish the top and best performer from, other employees. Pay differentials are related to differences in level of competencies, (Agarwala (2007).

The findings disclose that out there was the mixture of feeling on competency based pay, for example, there are those who were satisfied (27), whom their argument on

the basis of being fairly paid. On the contrary, those who were not satisfied (17) related it with minimal and unfairness remunerations offerings. The others (8) were not happy at the moment but they believe if changes are made they might be satisfied with this method, as advised by Agarwala (2007), who portrays that if the performance appraisal is perceived to be biased it will result in feeling of desertification and inequity.

The findings associate this mixture of opinions with the set parameter that needed to be obtained employees opinions, which include competency based pay as a motivator for employees remain in the organization for a long time; payment according to competencies of employees for motivating competent workers to remain in the organization for a long time; and whether the higher the competency of employees in the organization the better the salary and having higher education lead to competency. However, Moisiu(2002) presumes that performance should be paid to encourage a result of driven culture.

On the respondents' Opinion on Retention, the findings show that there are five key factors that most of respondents attribute them to the employees' job retention. These include Clear roles and specified job description, the relation with supervisors or managers, High level of salaries paid to employees, Relationship with co-workers, and Job Security.

Moreover, the study found that there are enormous impacts of competency based pay on the retention of employees and NMB organizational performance at large. The

findings was obtained after conducting an interview with the in charge Human Resources affairs at NMB Ilala Branch. According to her, the impact of competency based pay on the retention of employees is considered to be higher. This is justified by the increment of employees. The findings of this review showed that, an influx of employees at the NMB can consider to be increased.

On the last objective, which was to examine the methods of retaining employees when competency based pay is used, the study found that NMB (T) Ltd at large uses a number of methods to retain its employees. Among others NMB uses Management and employees' relationship. NMB (T) Ltd does believe that employees with appropriate skills and experience in running the business are a key resource available to the Bank and they assist in pursuing the Bank's business objectives. Also, Employees Shareholding, this is done In order to make closer and loyalty in serving the Bank, NMB (T) Ltd introduced the shareholding policy to its employees.

The study found that, over 2,600 of the employees are shareholders in NMB and together with their families have a direct interest and stake in our long-term success. Another includes Remuneration practices, whereby Management continued to ensure that the bank's remuneration practices were aligned to those of our banking peers and the bank participated in an industry wide salary and benefits survey and implemented salary reviews across the bank based on these surveys. Moreover, the bank also launched its Staff Mortgage Policy in 2011 to support staff in acquiring residential property at preferential rates, (NMB 2011).

5.2 Conclusion

From the examined and scrutinized findings, the researcher concludes the study by basing on the following objectives of this study:

Employee job retention can improve service quality and increase employee retention. In this circumstance, policy makers and managers have turned their attention to provide different kinds of facilities to their employees in order to satisfy their employees. This study tested factors contributing to employee job retention in NMB (T) Limited.

The study suggests that the factors had satisfactorily explained job retention and that managers should focus on the factors that affect employee job retention among others includes allowance and leave paid to attend higher learning. The study assumes that if NMB (T) Limited wants to enhance their businesses is compulsory to allow its employees to attend and acquire higher level of education. Since, Amstrong (1999) suggests that where scheme of competency based pay is introduced in the right way and right reason and in the right way the organization can reap the following: Competency based pay promote the needs for greater competency, it encourages lateral career development due to completion of their education and encourage the staff to take the responsibility.

Moreover, based on the results for the standardized values, the study concludes that work conditions, fairness, promotion, and pay, are key factors contributing to employees' job retention. Despite the fact that money is a good motivator, actually

all employees' work for money, employees need money, good salary and good compensations are key factors in satisfying them to work hard.

The study suggests NMB (T) Limited can increase employees' retention by motivating the employees by increasing good pay as one of the key factors contributing to job retention, also in this way one can increase the service quality and NMB's organizational performance.

The factor of work conditions is also proven to have significant influence over the NMB (T) Limited. The physical design of the place does have certain impacts on job retention. Because the work conditions in the NMB (T) Limited includes employee relationships and work environment, all these factors relate to employee job retention. A good work environment and good working conditions can increase employees' job retention and the employees will try to give their best which can increase the employee work performance.

The most important, the study sees that there is an important factor to consider on fairness in NMB (T) Limited, from the findings the employees hope they all receive equal treatment with respect to pay or promotion and also create a fair competitive environment, like fair treatment, fair compensation, fair working hours, these will improve employee job attitudes; fairness can also motivate employees to be hard working.

After this consideration, the researcher sees that fairness can increase employee job retention; satisfied employees offer good services for the organization. This can

increase organizational performance, so fairness is a key factor affecting job retention. In NMB (T) Limited job security as an aspect of job retention was more important to male employees than to female employees. Employees from medium- and large-staff-sized organizations, compared with those from small staff-sized organizations, were more likely to cite job security as a very important contributor to their job retention.

5.3 Recommendations

These recommendations are delivered from the general interpretation of the findings and conclusion of the study. Concisely, the study recommends that despite the fact that about, 33 respondents considered working environment to be compulsory, the study recommends that it is compulsory for NMB (T) Ltd to ensure there is a good working environment that employees have access to the right equipment and clean, spacious work spaces that can make employees to be happy as they spend a lot of time in workspace. The study recommends that, so it's important to have a setting that's as free of problems as possible.

Moreover, NMB (T) Ltd should ensure that all of its employees are satisfied with the compensation packages that offered to them, as the findings disclose that out of the total population of (42); 17 respondents were not satisfied with the rewards offered by the NMB (T) Ltd management. The study recommends that for NMB (T) Ltd meets the employees' job retention; they should ensure that no grievances reported in this factor. As a matter of fact that NMB (T) Ltd does believe that employees with appropriate skills and experience in running the business are a key resource available

to the Bank and they assist in pursuing the Bank's business objectives. In addition to the recognition and encouragement, the study recommends that NMB (T) Ltd should have a clear system that can offer a good evaluation system whereby the employee's work is duly recognized and as a result they will be encouraged and motivated to continue contributing to the firm is one of the major factors that determine job retention. Thus proper recognition and encouragement are important factors to look into.

Finally, based on the general comments on the study provided by the respondents, which are Company Policies, Salary/Benefits, Interpersonal/Social Relations, Working Conditions, Recognition and Achievement; the study considers that each of these factors plays a major role in determining how happy and satisfied the employees are with their job. The study however recommends that job retention cannot come about if due importance is not given to these job retention factors and that will, in turn have a direct effect on the performance of the employee. So if you want your business to prosper, make sure that the employees are happy.

5.4 Recommendation for Areas for Further Studies

From the findings of this study, researcher assumes that, there is area that needs further examinations. This study proposes the following crucial area for further studies:

Review of promotional activities in NMB (T) Ltd, the study found that there is to review performance criteria for promotional as most of respondents secretly reveal that there is no proper mechanism for promotional at NMB. The study should review

a reason and to what extent employees with same experience but varied in term of specialization who possess same level of qualifications are not promoted at once.

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APPENDICES

APPENDIX 1: Employees Questions

Background information

Respondent details

Gender.....Marital status.....

The highest level of education.....

Years spent in the organization.....

Main occupation.....

1. What factors or things which make the relationship between competencies based pay and the retention of employees?

(a).....

(b).....

(c).....

2. Does retention of employees depend on competency based pay?

(a) Yes (b) No [.....]

3. When competency based pay are used employees remain in the organization for a long time?

(a) Yes (b) No [.....]

4. How do you understand the time competency based pay circle which is appropriate)

(a)Pay for range of skills

(b)For job title

5. 5. Paying according to competencies of employees motivate competent workers to remain in the organization for a long time?

(a) Yes (b) No [.....]

If yes or no give reasons.

(a).....
.....

(b).....
.....

6. When competency based pay are used employees remain for a short time in the organization.

True/ False[.....]

7. The high the competency of employees in the organization the high the salary.

(a) Yes (b) No [.....]

8. 8. High skill, knowledge, and motives are related to the retention of employees because

(a) They cause salary increase []

(b)They cause job satisfaction []

(c) They cause promotion []

(d) All above []

9. Retaining employees in the organization depends on

(a)Expertise brought to the organization []

(b)Top performance []

(c)Efficiency []

(d)All above []

10. Do you use competency based pay approach?

(a) Yes (b) No [.....]

11. 11. Competency based pay has positive and negative impacts on the retention of employees.

(a) Yes (b) No [.....]

12. What are the impacts of competency based pay on the retention of employees

.....
.....
.....

13. 13.Is there any employee who leaves the job due to competency based pay.

(a) Yes (b) No [.....]

.....
.....
.....

14. Retention of employees is affected by competency based pay

(a) Yes (b) No [.....]

If Yes or No, why?

.....
.....
.....

15. (b) Competency base pay results to

- a. Job satisfaction []
- b. Increase wages for top performers []
- c. Promote job rotation []

16. What happen to employees who have low competency?

- a. Leave the job []
- b. Get low salary []
- c. Undergo competency training []

17. What is the response of employees on competence based pay?

18. What has been the trend of the retention of employees for the past three years?

Increasing/ decreasing/constant.....

19. If increasing or decreasing, what do you consider to be the reason for?

- a.
- b.
- c.

20. What is the problem caused by competency based pay inthe process of retaining employees?

- a. Conflicts occur between workers and employer []
- b. Misunderstanding between top performer and lower performers []
- c. All above []

21. Have you observed /witnessed any remarkable changes of employees retention since the introduction of competency based pay .yes/no.....

22. If yes in question 10 above, what are those changes

- a. Decrease number of employees []
- b. Increase of job satisfaction []
- c. Decrease of working morale []

23. Give the advantage ofcompetency based pay

.....
.....
.....

24. Analyzedisadvantage of competency based pay

.....
.....
.....

APPENDIX 2: Employers/bank officials

Bio data

Title.....

Gender.....

Education level.....

Years spent in the organization.....

1. 1.How do you understand the term competency based pay

.....
.....
.....

2. Do you use competency based pay approach . yes/no.....

(a) Yes (b) No [.....]

3. What are the methods used to retain employees when competency based pay is used

.....
.....
.....

4. How does Competency based pay help to retain employees?

.....
.....
.....

5. 4.Employees with low competency are likely to leave the job since they feel inferior andtheyget low wages.

(a) Yes (b) No [.....]

6. If yes what actions are being taken to retain them?

.....
.....
.....

7. High salary and bonus are given to people with high competency as the method of retaining employees.

(a) Yes (b) No [.....]

8. Competency based pay attracts workers as the results employees keep on working for a long time

(a) Yes (b) No [.....]

9. If yes what are this attractions or if no give reason

.....
.....
.....

10. What are the motivating factors used to retain employees under competency based pay?

.....
.....
.....

11. High competent employees get special treatment from employer

.....
.....
.....

12. 11.Low competent employees undergo job rotation and competency training for their retention.

(a) Yes (b) No [.....]

13. 12. What factors or things which make the relationship between competencies based pay and the retention of employee.

a.

b.

c.

14. 13.Does relation of employees depend on competency based pay?

(a) Yes (b) No [.....]

15. When competency based pay is used employee remain in the organization for a long time.

(a) Yes (b) No [.....]

16. Paying according to competencies of employees motivate competent workers to remain in the organization for a long time.

(a) Yes (b) No [.....]

If yes or no give reasons.

(a).....

(b).....

17. 6.Why competency based pay when is used employees remain for a long time in the organization.

.....
.....
.....

18. 7.The high the competency of employees in the organization the high the salary.

(a) Yes (b) No [.....]

19. High skill, knowledge, and expertise brought by employers in the firm are related to the retention of employees because

- a. They cause salary increase []
- b. They cause job satisfaction []
- c. Promotion []
- d. All above []

20. 9. Retaining employees in the organization depends on

- a. Expertise brought to the organization []
- b. Top performance []
- c. Efficiency []
- d. All above []

21. Competency based pay has positive and negative impacts on the retention of employees .yes/no.....

22. What are the impacts of competency based pay on the retention of employees
.....
.....

23. 3.Is there any employee who leaves the job due to competency based pay .yes/no.....

24. 4.From question 3 above ,if yes or no give reasons
.....
.....

25. Retention of employees is affected by competency based pay .yes /no.....

26. 6. If yes or no why?

.....
.....

27. Competency base pay results to

- a. Satisfaction ()
- b. Increase wages for top performers ()
- c. Promote job rotation ()

8. What happen to employees who have low competency?

- a. Leave the job ()
- b. Get low salary ()
- c. Undergo competency training ()

28. What is the response of employees on competence based pay

29. What has been the trend of the retention of employees for the past three years?

30. Increasing/ decreasing/constant.....

31. If increasing or decreasing ,what do you consider to be the reasons

- (a).....
- (b).....
- (c).....

Have you observed /witnessed any remarkable changes of employees retention since the introduction of competency based pasy .yes/no.....

32. If yes in question 9 above, what are those changes

- (a) Decrease number of employees

(b) Increase of job satisfaction

(c) Decrease of working morale ()

33. 14 .give the advantage of competency based pay

.....
.....

34. Analyze the disadvantage of competency based

.....
.....
.....

35. 1 .What are the methods used to retain employees when competency based pay is used

.....
.....
.....

36. 2. How does Competency based pay help to retain employee

.....
.....

37. Employees with low competency are likely to leave the job since they feel inferior and they get low wages .yes/no.....

38. (a)If yes what actions are being taken to retain them

.....
.....

39. High salary and bonus are given to people with high competency as the method of retaining employees. Yes/no.....

40. Competency based pay attracts workers as the results employers keep on working for a long time Yes/no.....

If yes what are this attractions or if no give reason

.....
.....

41. What are the motivating factors used to retain employees under competency based pay

.....
.....

42. High competent employees get special treatment from employer while low competent employers undergo job rotation and competency training for their retention. Yes/no.....

43. What do employers do in order to retain employees

.....
.....
.....