

**THE EFFECTS OF JOB SATISFACTION ON
EMPLOYEES' TURNOVER INTENTION IN ADDIS
ABABA BRANCHES, WEGAGEN BANK S.CO**

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for the Executive Masters of Business Administration
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ADDIS ABABA UNIVERSITY
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(EMBA)

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DECLARATION

I, undersigned, declare that the work entitled —Effects of Job Satisfaction on Employees' Turnover Intention in Addis Ababa Branches, Wegagen Bank S.co. is the outcome of my own effort and study and that all sources of materials used for the study have been acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the Executive Master of Business Administration.

Mekonnen Negash

Date

LETTER OF CERTIFICATION

This is to certify that Mekonnen Negash has carried out this project work on the topic — Effects of Job Satisfaction on Employees' Turnover Intention in Addis Ababa Branches, Wegagen Bank S.co. under my supervision. This work is original and suitable for the submission in partial fulfillment of the requirement for the award of Executive Master of Business Administration

Teshome Bekele (Ato)
Research Advisor)

Date

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List of Abbreviation/Acronyms

Cal x^2	-	Calculated chi-square
Tab x^2	-	Tabulated chi-square
O	-	Observed
E	-	Expected
D.F.	-	Degree of freedom
SA	-	Strongly Agree
A	-	Agree
NAND	-	Neither agree nor disagree
D	-	Disagree
SD	-	Strongly disagree
Fig.	-	Figure

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Abstract:

As banking industry is one of the fast growing industries in Ethiopia, all banks are focusing on branch expansion and introduction of new products/services. This condition has forced banks to attract and retain high performing employees. High staff turnover in Wegagen Bank is a concern as large as 7.16%. Majority of these were from the operational areas whose release impact on the bank's profitability. The main purpose of this paper is to examine the effects of job satisfaction on employees' turnover intention in Addis Ababa branch. The study was done based on primary and secondary data sources. A self-administered structured questionnaire was designed to collect the relevant information from the respondents. Partly descriptive and partly causal or explanatory research design was followed and applied mixed research method. The collected data were analyzed using descriptive statistics and multiple regressions. The result revealed that only satisfaction from promotion opportunity has negatively and significantly related to intention of employees' turnover. The study recommends that the management should examine and improve the existing HR policy and procedure on promotion opportunity which can guarantee transparency and fairness to the employees of the bank to keep them satisfied on their job and retained in the bank

Key words: Job satisfaction, Intention of employees' turnover, Pay, Nature of work, Supervision and Promotion opportunity.

CHAPTER ONE

INTRODUCTION

Introduction part of this project comprises several sections. The first section discusses about the research's background. Next, profile of Wegagen Bank, problem statement, research question, objective of the study, hypothesis test, scope of the study, significance of the study and organization of the paper are respectively discussed.

1.1. Background/Rationale

Human resource is the base for organizational existence and development. HR professionals and organization executives are seen implementing different mechanisms to retain their experienced employees. Depending on the mechanisms organizations are implementing, they are able to retain their employees or reduce employees' turnover. They focus on turnover for three main reasons: it has significant cost implications; it affects overall business performance; and it has the potential to become difficult to control, resulting in a talent crisis, where it is hard to find quality candidates with the skill sets required to fill open positions.

As the CIPD (2000) has commented, 'Turnover may be a function of negative job attitudes, low job satisfaction, combined with an ability to secure employment elsewhere, i.e. the state of the labor market. On the other hand, turnover is a normal part of organizational functioning, and while excessively high turnover may be dysfunctional, a certain level of turnover is to be expected and can be beneficial to an organization.' (Armstrong 2006)

Turnover includes replacement of the departed employee. Distinguishing employee separations from acquisitions that replace the separated employees is helpful in analyzing the case. Employee separations and acquisitions are "external movements," meaning they involve moving across external of the organization.

Other than the turnover rate, the very concern of companies should focus on the value of the workforce when employees are added and employees separate. The cases should be comprehended from different dimension such as:

- How does the manpower inventory reduction exist- is it for or against the interest of the company?
- Where is the optimal level of manpower inventory?

So, employee turnover is thought of as a system that includes the costs of employee acquisitions, the value and quality of the workforce.

1.2 Profile of Wegagen Bank

Banking industry is one of the fast growing industries in Ethiopia. This sector is not allowed for foreign investors/banks. Few banks are owned by government and others' by Ethiopian shareholders. All banks provide same level of products and services. Due to high requirement for resource (deposit), banks are currently focusing on branch expansion, introduction of new products/services, and thus focused to attract high performing employees to be with them in order to retain and attract customers in this competitive market. This competition among banks might create conducive situation to the banks' employees to continuously look for better pay (salary and benefits), better nature of work, supervision and promotion opportunity etc. Thus banks are always expected to work hard to create and sustain competitive environment that enable employees to be satisfied with their job and related matters.

Wegagen Bank S.co was established in 1997 by 16 shareholders with paid up capital of birr 30 million and authorized capital of birr 60 million. As of September 2013, the total paid up capital reached Birr 1.09 billion, number of shareholders was 2,157 and the number of permanent employees was 2,508. The number of employees working in Addis Ababa city branches was 1100.

The organizational structure of the Bank shows that below the Board, the Bank is led by a CEO/President. Next to him are two vice presidents for operation and the other for support services, altogether form the core management team. 16 department and deputy department managers follow in the hierarchy, which form top management. Next, there are 29 division heads who comprise the middle level management, Section heads-lower level management (supervisor) and senior officers make the next level and then officers, clerks and non-clerical staff are respectively placed occupational category at the head office. At branch level, Branch manager and section heads are considered as branch management team, then officers, clerks and non-clerical staff are respectively placed occupational category.

In September 2013, there were 82 branches within and outside Addis Ababa.

According to the annual report of the bank for the fiscal years from 2007-2011, Wegagen Bank S.co, as a competitor in the industry, has been challenged by employee turnover.

1.3 Problem Statement

Employee's turnover intention is a depraved feeling or need of employee's to leave organization which is working in (Zahid H.B., 2013). Bluedom (1982) recommended the use of turnover intention over actual turnover is preferred because actual turnover is more difficult to predict than intentions as there are many external factors that affect turnover behavior. Turnover intention has been widely used in many researches as an appropriate dependent variable as it is linked with the actual turnover and more preferably shows how the feeling of currently working employees.

Wegagen Bank S.co. has experienced significant turnover of employees particularly starting the year 2007 where the turnover doubled the previous year. Since then, employee turnover has been an issue in the annual meeting of the bank. In the bank's strategic plan of 2011/12-2015/16, it has been targeted to keep the bank's turnover rate below 5% per annum. Employees' turnover intention of the bank depends on many factors which are internal and external to the organization. Among the internal factors, in which the researcher wanted to focus was job satisfaction. Job satisfaction is workers' feeling about their jobs, aspects of their jobs and work situations. In the past five years, the bank has faced turnover of 7.07%, 6.98%, 6.01%, 7.16% and 4.19% in the years 2007, 2008, 2009, 2010 and 2011 respectively. Majority of employees who were resigned are from the operational areas which had an impact in sustainable growth of the bank's profit. The bank's profit had been stagnant for the fiscal years of 2011/12 and 2012/13 (Bank's annual report).

The bank has a policy and practice of conducting exit interview of resigned employees. Accordingly, exit interview reports compiled during 2007-2011 indicated, in order of their importance, the major reasons such as uncompetitive pay, monotonous work, lack of proper supervision, lack of promotion opportunity, and availability of better job opportunity in the labor market, travel to a broad, opening up of personal business, and non-conducive working environment etc. However, how genuine was the response given by leaving staffs during the exit interview may cast doubt on the response reliability owing to their instant feeling at the time of

exit interview. Nevertheless, it may show the highlights of the symptom rather than the core problem or reason for their resignation. As far as the authors' knowledge, except the annual reports compiled by the bank, there has been no any empirical tested study conducted with regard to examining or testing the said and other factors that trigger staffs' turnover intention. This void motivated this study. Hence, the purpose of this project is to examine the effects of satisfaction with pay, nature of work, supervision and promotion opportunity on employees' turnover intention in the bank.

1.4 Research question

In line with the research problem, the study will address the following research questions.

- a) What is the effect of satisfaction with pay on employee turnover intention?
- b) What is the effect of satisfaction with nature of work on employee turnover intention?
- c) What is the effect of satisfaction with supervision on employee turnover intention?
- d) What is the effect of satisfaction with promotion opportunity on employee turnover intention?

1.5 Objective of the Study

1.5.1 General Objective

In line with the research question, general objective of this research was to examine the factors that affect employees' turnover intentions in Addis Ababa branches of Wegagen Bank S.co.

1.5.2 Specific Objective

In the course of addressing its major objectives, the research's specific objectives were:

- a) To examine the effects of satisfaction with pay on employees' turnover intention;
- b) To examine the effects of satisfaction with nature of work on employees' turnover intention;
- c) To examine the effects of satisfaction with supervision on employees' turnover intention.
- d) To examine the effects of satisfaction with promotion opportunity on employees' turnover intention.

1.6 Hypothesis of the study

The researcher chose to discover the links between job satisfaction and employees' turnover intention using the following hypothesis.

H1: Satisfaction with pay is negatively related with employees' turnover intention.

H1: Satisfaction with nature of work is negatively related with employees' turnover intention.

H1: Satisfaction with supervision is negatively related with employees' turnover intention.

H1: Satisfaction with promotion opportunity is negatively related with employees' turnover intention.

1.7 Scope of the Study

The scope of this study was limited to examine the effect of satisfaction with pay, nature of work, supervision and promotion opportunity which is internal to the organization and under the influence of the bank's management.

In addition, the scope of the project is limited to:

- a) Employees of the Bank those who are working in Addis Ababa branches in the job category of branch management, officers and clerks.
- b) Non clerical staff was not considered in the study.

1.8 Significance of the Study

The importance of this research will be helping the management of Wegagen Bank, as a primary concerned body in retaining value adding employees, through examining factors which have an effect on job satisfaction and consequently on the bank's employees' turnover intention and to recommend proper means of addressing them, accordingly.

In addition the following benefits could be obtained from the research:

- The result could give lesson to the situation of other similar banks in the sector;
- It can contribute to the existing knowledge and practice of retaining of employees through job satisfaction in the context of Ethiopian private banks;
- It will serve as a baseline for subsequent researches on the impacts of job satisfaction on employees' turnover intention.

1.9 Organization of the Paper

The next part of this paper is organized in four chapters. Chapter two deals with the review of the related literature, chapter three reflects on research methodology, chapter four contains results and discussion, and finally chapter five deals with conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

This section provides theoretical literature, empirical studies and conceptual framework of the study.

2.1 Theoretical Literature

2.2.1. Motivation theory

A popular classification of motivational theories divides the various theories into content theories, process theories and reinforcement theories. Reinforcement theories focus on how people can be conditioned to exhibit the desired behavior (they try to answer the question: how do people learn to exhibit desirable behavior?). Process theories, on the other hand, try to analyze the process or manner in which people get motivated (they focus on question: how are people motivated?). Content theories focus on factors that allegedly motivate people, for example “needs” (they try to answer the question: what motivates people?). Content theory includes hierarchy of needs theory-Abraham Maslow’s theory of hierarchy of needs, ERG theory-Alderfer adapted Maslow’s need hierarchy on the basis of empirical research and motivation hygiene theory-Frederick Herzberg concluded that all variables that make all people feel either good or bad about their jobs can be grouped into intrinsic and extrinsic factors. Among these theories of classification, the researcher wanted to focus on one of the content theories i.e. Herzberg’s motivation-hygiene theory which would be applicable to the topic of this project (Ben S. et al 2003, pp 328-329).

Herzberg in his research argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally generated and is propelled by variables that are intrinsic to the work which Herzberg called “motivators” (Ben S. et al 2003, pp 328 -329). Intrinsic factors such as achievement, recognition, the work itself, responsibility, advancement, and growth, seem to be related to job satisfaction. Extrinsic factors such as status, security, company policy, administration, remuneration, supervision, working conditions etc., on the other hand, tend to be associated with job dissatisfaction. These variables were referred to by Herzberg as “hygiene” factors which, although does not motivate employees; their removal (hygiene factor) from a job does not necessarily make the job satisfying. Instead it

would result in a neutral state. Motivation would only occur as a result of the use of intrinsic factors (Ben S. et al 2003, pp 328-329).

2.2.2 Conceptual definition

Employees' Turnover Intention

Employees' turnover intention is a corrupt feeling of currently working employees to resign from the bank. Employee's turnover intention or intention to leave or quit is a depraved feeling or need of employee's to leave organization which are working in (Zahid H.B., 2013).

Turnover intention has been widely used in many researches as a n appropriate dependent variable as it is linked with actual turnover. Bluedom (1982) recommended the use of turnover intention over actual turnover is preferred because actual turnover is more difficult to predict than intentions as there are many external factors that affect turn over behavior.

Intention of employees' turnover is workers' feeling towards for better working environment. A turnover intention is a mental decision prevailing between a n individual's a pproach with reference to a job to continue or leave the job (Jacobs and Roodt, 2007). Turnover intentions are the instant connection to turnover behavior (T.Hussain et al 2012) cited in (Boles et al, 2007).

Employee Turnover

It is defined (Price, 1977) as: employee turnover is the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. "Labor turnover rates provide a valuable means of benchmarking the effectiveness of HR policies and practices in organizations. They do not tell the whole story, but if turnover is significantly higher than in comparable organizations, this should stimulate action to investigate why this is the case and to do something about it"(Armstrong 2010). Employee turnover is one of the major concerns of HR practitioners since resignation of value contributing employees affects the performance and competitiveness of the organization. That is why many researches could be conducted. According to Dr. Gabriel et al (2012) as cited in (Abbasi et al, 2000) employees are seen as a major contributor to organizations competitive advantage and to maintain this advantage employee turnover should be discouraged

by management. Those organizations which are ignorant to the employee turnover problem or retention of employees, they will get difficulty in achieving organizational objectives.

Types of Turnover

Voluntary and Involuntary Turnover

When employee separates from the organization by his/her willing, it is voluntary turnover. But if the separation occurs without the interest of the employee, it is involuntary turnover. Voluntary reasons for leaving-such as a another job that offers more responsibility and/or improved salary and benefits, a return to school for a full time-are more controllable than involuntary reasons, such as employee's death, chronic illness, or spouse transfer. It is valid to focus on the incidence of voluntary employee turnover precisely, because it is more controllable than involuntary turnover. It is also a common trend to calculate the costs of voluntary turnover, because when these costs are known, an organization can begin to focus attention on reducing them, particularly where such costs have significant strategic effects.

Functional and Dysfunctional turnover

The voluntary turnover includes dysfunctional and functional turnover. The dysfunctional turnover is not to the interest of the organization whereas the functional turnover is encouraged to happen. Whether voluntary turnover is functional or dysfunctional is concern for organization.

Employee turnover has been defined as functional if the employee's departure produces increased value for the organization. When turnover is functional, the resulting difference in workforce value is positive and high enough to offset the costs of transacting the turnover.

Turnover is dysfunctional when the resulting difference in workforce value is negative or the positive change in workforce value doesn't offset the costs. Often this is interpreted to mean that high performers who are difficult to replace represent dysfunctional turnovers, and low performers who are easy to replace represent functional turnovers.

Internal and External Turnover

Internal turnover occurs when an employee transferred/promoted to another position within the organization. This type of turnover usually satisfies the interest of both parties-Employer and Employee. The replacement could be from internal or from external sources.

External turnover arises when an employee separates the organization to join another. This may happen due to voluntary or involuntary reasons.

Job Satisfaction

Job satisfaction is a positive emotional state resulting from the appraisal of one's job or reactions to work experiences, how workers feel about their jobs, aspect of their jobs, and work situations. It is the extent to which a worker feels positively or negatively about the internal and/or external domain of his/her job (Bhuiyan S. N. et al, 2002). Employees evaluate their job and related factors through their experience in the organization. The result of this evaluation enables the employee to know whether he/she is satisfied or not.

Job satisfaction is generally recognized as a multifaceted construct that includes employee feelings about a variety of both intrinsic and extrinsic job elements. It encompasses specific aspects of satisfaction related to pay, benefits, promotion, working conditions, supervision, organizational practices and relationships with co-workers (Misener et al., 1996).

2.1.2 Operational definition

Branch management: Among employees of the bank who are working at branches as Branch Manager, Assistant Branch Manager, Loan Section Head, International Banking Section Head are classified as branch management team. The team performs the managerial function of their respective branches.

Officer: It is a common name for those employees working as an expert in different operational areas of specific branch. Their occupational classification is below the branch management team. Loan officers, International Banking Officers, Accountant, Auditors and Cashiers are included.

Clerk: This classification includes loan clerk, international banking clerk, forex clerk and customer service clerk. Positions in this job category are graded below officers.

Non-clerical staff: This includes employees working on the positions other than supervisory, officer and clerical. These are guard, cleaner, typist, messenger, cash office girl etc.

Branch: This is an outlet of the Bank through which the Bank provides its service to customers using own or rented buildings. Each branch has its own management team, officers, clerks and non-clerical staff.

2.2. Empirical Review:

Many Authors did research on the effects of job satisfaction related factors on employees' turnover intention. They used different mix of factors' of job satisfaction to examine effects on employees' turnover intention.

Among the researchers who studied on the causes of employees' turnover/ intention to quit their job include Md. Mizanur R. et al (2012), Adeboye T. A. et al (2012), Samuel E. M. et al (2012), Anthony G. B. et al (2012), Rohani S. et al (2012), Santrip S. et al (2013), Nazim A. et al (2011), Ashique A. J. et al (2012), Khaled M. et al (2011). These researchers investigated what determines employee turnover/ intention to leave by examining the possible antecedents.

A study carried out by Md. Mizanur R. et al (2013) examined the relationship between job satisfaction and turnover intention of private commercial bank employees in Bangladesh. In their study, they considered some common factors that contribute directly and indirectly to the employees mind to take the actual decision regarding the job satisfaction and employees turnover, which were the security of their existing job, compensation and job related facilities, working environment & schedule, location of bank, employee's autonomy, career advancement opportunity, performance appraisal process and evaluation, goodwill of the bank, peers relation among the employees etc. The researchers used both primary and secondary sources for collecting data to conduct the study. Data were analyzed through hypothesis testing including descriptive analysis and Z -test. Their findings showed that the above factors affected job satisfaction subsequently, in turn, it impacted turnover. The researchers concluded their study by recommending the following: to evaluate and update salary and fringe benefits policy after a specified period of time, to establish attractive incentive program, to make clear their job is totally secured, to constantly communicate to the employees which would enable them to follow the rolls or process of organization to maintain favorable relationship with their co-worker.

As Adeboye T. A. et al (2012) conducted research on employees' perception of career progression and turnover intention among bank workers in IFE central call Government area, Osun State, Nigeria. They considered perception of career progression and Years of service (long service years-ten years & above and short service years-below ten years) as independent variables. A descriptive survey design was adopted for the study. A self-designed questionnaire

was used to collect relevant data for the study and the data collected were analyzed using Pearson Product Moment Correlation (PPMC) and T-test analysis. The researchers concluded that there is an inverse relationship between perception of career progression and turnover intention. In their findings, they also indicated that the year an individual spends in a company has no effect on his/her turnover intention and advised companies, establishments or managements to give increased attention to their employees' career progression.

Samuel E. M. et al (2012) studied on job satisfaction and employees' turnover intentions in total Nigeria Plc. in Lagos state. The Researchers considered satisfaction with pay, nature of work and supervision as the three facets of job satisfaction that affect employee turnover intention. Authors adopted a survey method for administration of questionnaires, simple descriptive percentage method, and chi-square method. Their conclusion was job satisfaction reduces employees' turnover intention and that Total Nigeria Plc. adopts standard pay structure, suitable nature of work and efficient supervision not only as strategies to reduce employees' turnover but also as the company retention strategy.

Anthony G. B. et al (2012) examined psychological factors as predictors of turnover intention among employees of post-consolidation banks in Nigeria. The Researchers investigated the influence of job satisfaction, social support and emotional intelligence on employees' turnover intention. They used validated scales for data collection and multiple regression analysis to test the study hypotheses. Their research finding was that job satisfaction, social support, and emotional intelligence significantly exert independent and jointly influence bank employees' turnover intention in Nigeria. Finally, they recommended that Management and human resource personnel of various post-consolidation banks in Nigeria should design intervention strategies using the variables implicated in this study to reduce turnover intention of their employees.

Rohanni S. et al (2012) studied to determine the levels of job satisfaction, organizational commitment and turnover intention of employees in a retail company in Malaysia. They also investigated the relationship between job satisfaction and organizational commitment on turnover intention. They used questionnaire to collect data. In their findings, all satisfaction

facets such as promotion, work itself and supervisors and organizational commitment were significantly related to turnover intention.

Santript S. et al (2013) examined influence of various factors on employee turnover in urban and semi urban banks. They used a self-developed questionnaire, measured on a Likert Scale to collect data from respondents and quantitative research design. The reliability of the data collected is done by split half method. The collected data were being analyzed using a program called Statistical Package for Social Science (SPSS ver.16.0 For Windows). The data analysis is carried out by calculating mean, standard deviation and linear correlation. The difference between means of variable was estimated by using t-test. Their finding showed that Work Environment, Job Stress, Compensation (Salary), Employee relationship with management and Career Growth have significantly influenced employee turnover in banking sector.

Nazim A. et al (2011) conducted study to investigate ten factors of satisfaction with- pay, security, nature of work, working condition, colleagues (integration), supervision, students, promotion and social status were considered to have an important bearing on the turnover intention of teachers in private school. Data was collected and Pearson correlation and zero order correlation were used. From the ten factors identified only three- satisfaction with pay satisfaction with security and satisfaction with promotion were found to have a strong negative relationship with employee's turnover intention.

Ashique A. J. et al (2012) studied the interrelationship among major antecedents of employee turnover such as HRM practices, organizational culture, attitudes of boss on employees' intention to quit in Pakistani banking and IT sectors. Data collected through in-depth interviews from thirty top executives to junior managers from government, private and multinational organizations. The Authors employed 'narrative analysis' method to analyze the data. This study revealed that there exist interrelationship among the factors stated above and taking care of human factor with mutual respect, mentoring and employee empowerment could enhance employee morale, commitment and satisfaction which virtually link employees' decision to stay in the organization.

Khaled M. et al (2011) conducted research on impact of HRM practices on turnover of bank employees in Bangladesh. They evaluated six Human Resource (HR) practices such as realistic job information, job analysis, work family balance, career development, compensation and supervisor support and their likely impact on the employee intention to leave. Questionnaires were designed in a five point Likert scale to measure HR practices and employee intention to leave. The Cronbach's coefficient was used to get the inter item consistency reliability. The results of Pearson's product moment correlation analysis used to find out the relationship of HRM practices and Employee turnover. The researchers' result indicated that job analysis, career development, compensation, realistic job information variables and supervisor support were negatively and significantly correlated with employee intention to leave. However, in their finding, work family balance was not negatively correlated with employee intention to leave.

Overview of theoretical and empirical studies

From the above reviewed literature, it can be learnt that the researchers employed different methods of approaches and analytical techniques and there was little consistency in their findings. Based on their findings, there were several reasons why people leave their employer. These ranges from job related factors to personal characteristics of the employees. Some variables are intrinsic, others are extrinsic or a combination of both which influence intention of employees' turnover that would be contrary to Herzberg's motivation-hygiene theory.

Among the factors that were considered by researchers are pay (compensation), nature of work, supervision, promotion opportunity, working environment, job security, work family balance, job analysis, organizational culture, job stress, career growth, social support, emotional intelligence and performance appraisal etc...

2.3. Research Framework

Based on the reviewed literatures, Pay, Nature of Work, Supervision and Promotion Opportunity were considered as factors affecting job satisfaction and employees' turnover intention which form the framework for this project. In this project, Job Satisfaction is a derived, not an explicit variable, and manifested through the above listed factors. The selected framework was adapted from the study conducted by Samuel E. M. et al (2012) and I included promotion opportunity as an additional factor. The choice of the factors is substantiated with the following justifications:

These factors of job satisfaction were assumed to relate to the bank's turnover problem. This apparently implied the framework's capacity to address the major areas which have impact on intentions of the bank's employees' turnover.

1. The framework's concern areas matched with the scope of this project. All factors identified in the framework contained within the internal facets of an organization which exactly tallies with the research's predefined scope.
2. This project intended to examine the relationship between job satisfaction, the independent variable, and intentions of employees' turnover, the dependent variable.

The four factors considered to affect job satisfaction are pay, nature of work, supervision and promotion opportunity.

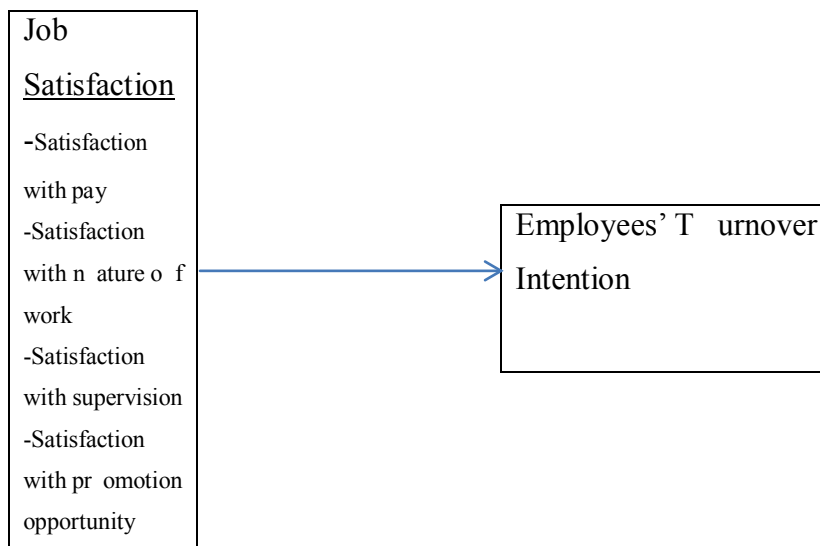


Figure1. Job satisfaction and employees' turnover intention.
Source: Author's construction adapting from Samuel E.M. et al (2012)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The research design is partly descriptive. It is partly explanatory or causal since it examines the relationship between satisfaction with pay, nature of work, supervision & promotion opportunity on one hand and intention of employees' turnover, on the other.

3.2 Research method

The study followed mixed research method (i.e. both quantitative and qualitative).

3.3 Target population

The target population of this study is employees of Wegagen Bank S.co. who are working in Addis Ababa branches in the job category of branch management team, officer and clerk.

3.4 Sample size and sampling technique

The population includes those employees who are working in Addis Ababa branches of Wegagen Bank S.co. and excludes employees who are working outside supervision, professional and clerical works. As of September 30, 2013, the total population size i.e. number of branch management team, officers and clerks of the Bank in Addis Ababa was 658.

Prior to the actual data collection, emphasis was made on the determination of sample size that was mainly dependent on the purpose of the study, available resource and precision (variance) required. Sample size is one of the four inter-related features of a study design that can influence the detection of significant differences, relationships or interactions (Peers, 1996). Generally, these survey designs try to minimize both alpha error (finding a difference that does not actually exist in the population) and beta error (failing to find a difference that actually exists in the population) (Peers, 1996). Cochran's (1977) formula uses two key factors: (1) the risk the researcher is willing to accept, and (2) the alpha level, the level of acceptable risk the researcher is willing to accept that the true margin of error; i.e., the probability that differences revealed by statistical analyses really do not exist; also known as Type I error. Another type of error will not be addressed further here, namely, Type II error, also known as beta error. Type II error occurs

when statistical procedures result in judgment of no significant differences when these differences do indeed exist.

Often, the sample size is expressed in terms of variance. When the variance is unknown, Cochran (1977) listed four ways of estimating population variances for sample size determination: (i) take the sample in two steps, and use the results of the first step to determine how many additional responses are needed to attain an appropriate sample size based on the variance observed in the first step data; (ii) use pilot study results; (iii) use data from previous studies of the same or similar population; (iv) estimate or guess the structure of the population assisted by some logical mathematical results.

According to the annual reports of the Bank, the average proportion of staff turnover during the past five years (2007-2011) was 6.42%, which was considered as proxy for proportion of turnover and determine sample size for this study. Using the estimated average proportion of employee turnover (i.e. $p = 0.0642$, $q = 1 - p$), tolerance error of 0.04 and level of significance $\alpha = 0.05$ (two tailed Z-value is 1.96), the sample size of this study is determined using the following equation which resulted in the sample size of 145.

$$n = \frac{(z_{\alpha/2} * p * (1-p))^2}{E^2}$$

Because of the homogeneity of employees within a job categories and difference between job categories, stratified random sampling is selected. The selection of employees from each job category was made following proportional allocation of stratified random sampling technique as described below.

Table1. Sample size determination

Job classification	Staffs (in number)	Staffs (%)	Total sample size (n= 145)	Final sampling units from each job classification/stratum
Management team	101	0.1535	145 x 0.1535	22
Officers	180	0.2736	145 x 0.2736	40
Clerks	377	0.5729	145 x 0.5729	83
Total	658	1.0000		145

Source: author's computation

As indicated in the above table, three categories of job classifications namely branch management, officers and clerks were considered to be strata for this study. The size of the sample in each stratum was determined in proportion to the size of the stratum, termed a proportional allocation (branch management 15.35%, officers 27.36%, and clerks 57.29%). Finally, using the employee database of the Bank, the final sampling units (145 employees) were selected following a simple random sample. Stratification was employed due to administrative convenience and again in precision in the estimates of the characteristics of the whole population over the simple random sampling technique.

3.5 Data collection tools/instruments

Primary data was collected through a self-administered structured questionnaire. In addition secondary data was gathered through reviewing annual reports, HR policy and procedure.

3.6 Data collection procedure

The questionnaire was designed to gather quantitative data pertaining to demographic, pay, nature of work, supervision, promotion opportunity, job satisfaction and employees' turnover intention. Before the questionnaire was used for collecting data, feedback was gathered from the advisor and experts. Respondents were selected using simple random sampling. The questionnaire is annexed. Data collected using questionnaire was checked for its consistency and completeness before analysis was made.

3.7 Method of data analysis

Descriptive statistics such as mean was adopted. In addition, multiple regressions was used to analyze, evaluate and interpret the stated hypotheses.

Measuring Reliability

The Cronbach's coefficient was used to check internal reliability of items used in the study.

Ethical considerations

During data collection, respondents were informed as to why the data would be collected. They were informed about the objectives and methods of the study, were reassured the privacy of their response. Accordingly, respondents provided their response voluntarily.

CHAPTER FOUR

RESULTS AND DISCUSSION

The primary emphasis of this project was to examine the effects of satisfaction with pay, nature of work, supervision and promotion opportunity on employees' turnover intention. Primary data was collected from the employees of the bank using questionnaire and secondary data was collected through reviewing the bank's HR policy, procedure, semi-annual and annual reports and exit interview. The collected data were described and analyzed using statistical tool- multiple linear regressions with the help of SPSS.

From the distributed 145 questionnaires to employees of the bank based on their numbers in each category, 127 questionnaires were collected.

In this chapter, the results of empirical study are reported and discussed. It begins with describing status of satisfaction with each factor to the employees of the bank, the overall goodness fit of the model, the relationship between the independent and the dependent variables and the level of significance of their correlation.

4.1. Result of Descriptive Analysis on the factors

In this section, the collected data was entered and reported using SPSS. The mean value of each satisfaction factor with respect to respondents' category is analyzed and presented.

Table 2: Mean value of the factors

Job category		Satisfaction with pay	Satisfaction With nature of work	Satisfaction with supervision	Satisfaction with promotion opportunity	Turnover Intention
Branch Management Team	Mean	3.6136	3.1986	2.6136	3.0682	2.9091
	N	22	22	22	22	22
	Std. Deviation	.68455	.95327	.61590	.89036	.86790
Officer	Mean	3.5500	3.0417	2.7077	3.1000	2.9385
	N	65	65	65	65	65
	Std. Deviation	.62531	.75398	.74421	.81586	.91646
Clerk	Mean	3.5250	3.1598	2.8500	3.0375	2.9250
	N	40	40	40	40	40
	Std. Deviation	.52745	.84482	.73554	.88714	.91672
Total	Mean	3.5531	3.1061	2.7362	3.0748	2.9291
	N	127	127	127	127	127
	Std. Deviation	.60309	.81589	.72052	.84534	.90133

Source: Author's computation

As indicated in the above table, the mean values of satisfaction with pay, nature of work and promotion opportunity of branch management team are above the average (i.e. 3) except for the mean value of supervision. Being the mean value of supervision is below average, it shows majority of them are dissatisfied with the bank's supervision. In addition, the illustrated mean value of turnover intention below average indicates presence of less intention of turnover on majority of the branch management team.

Majority of officer respondents' have expressed their satisfaction with pay, nature of work and promotion opportunity as shown by their mean value to be more than the average whereas mean value of satisfaction with supervision is inferior to the average. This lower mean value shows the dissatisfaction of majority of officers on the bank's supervision. There is also less intention of turnover observed on majority of officers as indicated by mean value below the average.

The mean value of satisfaction with pay, nature of work and promotion opportunity of clerks respondents' exceeds the average. On the other hand, majority of clerks expressed their dissatisfaction with the bank's supervision which is shown on the table having lesser mean value than the average. Being the mean value of turnover intention for clerks' is below the average, it shows majority of them have lesser intention to leave the bank.

As it is shown in the table, majority of respondents expressed their dissatisfaction only on bank's supervision.

4.2 Result of regression analysis

This section presents finding obtained from statistical analysis of the data gathered through self-administered structured questionnaire and test of the hypothesis was conducted using multiple linear regression analysis.

Multiple regressions analysis was conducted to determine whether a relationship exists between the independent variable and the dependent variable and their level of significance.

Overall goodness fit of the model

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.947 ^a	.897	.893	.29447

a. Predictors: (Constant), Satisfaction with promotion opportunity, Satisfaction With nature of work , Satisfaction With Pay, satisfaction with supervision

Source: Author's Computation

The model analysis includes the independent variable (satisfaction with pay, nature of work, supervision and promotion opportunity) and dependent variable (turnover intentions). As indicated in the above model summary and below ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable, $R=.947$, adjusted $R^2=.893$, $F=264.615$ ($p=0.000$). An estimated 89.3% of total variation in the dependent variable, -Turnover Intentions, is jointly explained by the predictors, i.e., satisfaction with pay, nature of work, supervision and promotion opportunity where as 10.7% is explained by other factors.

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	91.783	4	22.946	264.615	.000 ^b
Residual	10.579	122	.087		
Total	102.362	126			

a. Dependent Variable: Turnover Intention

b. Predictors: (constant), satisfaction with promotion opportunity, satisfaction with nature of work , satisfaction with pay, satisfaction with supervision

Source: Author's computation

Individual factors affecting turnover intention

Table 5: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.103	.207		29.515	.000
	Satisfaction With Pay	-.004	.048	-.003	-.089	.929
	Satisfaction With nature of work	.008	.035	.007	.226	.822
	satisfaction with supervision	-.058	.043	-.046	-1.354	.178
	Satisfaction with promotion opportunity	-.984	.037	-.923	-26.765	.000

a. Dependent Variable: Turnover Intention

Source: Author's computation

From the above table, it can be learnt that the higher satisfaction with pay the lessor

employees turnover intention (Beta=-0.003). But, when t-value (-0.089) or p-value (sig.) (0.929) for satisfaction with pay is considered, t-value is in between the normal curve (-1.96 and 1.96) or p-value $> \alpha = 0.05$ respectively, the coefficient is insignificant. Thus the effect of satisfaction with pay on employees' turnover intention is insignificant.

The coefficient of satisfaction with nature of work variable is 0.007, this implies that satisfaction with nature of work is positively related with the employees' turnover intention. But, looking at the P-value, it can be understood that the coefficient is insignificant which means satisfaction with nature of work has no significant effect on employees' turnover intention.

Satisfaction with supervision is negatively related with employees' turnover intention; its p-value (.178) $> \alpha = 0.05$, satisfaction with supervision is not a significant factor that employees' turnover intention in the bank.

Of all the factors of job satisfaction, satisfaction with promotion opportunity has inversely related with employees' turnover intention. The computed t-value of -26.765 is statistically significant at 1%. This indicates satisfaction with promotion opportunity has a significant effect on employees' turnover intention. Keeping all other variables constant, a unit change in the satisfaction of promotion opportunity would result in a 0.923 unit reductions in turnover intention.

4.3 Result of reliability analysis

Table 6: Reliability Statistics

Cronbach's Alpha	N of Items
.719	16

Source: Author's computation

Cronbach's alpha reliability result of this study is 0.719. Using rule of thumb of George and Mallery (2003), the Cronbach's alpha value of the study is within acceptable level.

CHAPTER FIVE

CONCLUSIONS & RECOMMENDATIONS

Referring to the analysis and interpretation done in the previous chapter, conclusions and recommendations for the study are presented as follows.

5.1 Conclusions

The following are the major conclusions of the study.

As it is mentioned in the empirical part of this project, Md. Mizanur R. et al (2013), Adeboye T.A. et al (2012) and Rohanni S. et al (2012) found in their research that career advancement opportunity, compensation etc. has an impact on employee turnover /turnover intention. Others like Samuel E.M. et al (2012), Santript S. et al (2013), Nazim A. et al (2011) and Khaled M. et al (2011) concluded in their research that pay, nature of work, supervision etc. has inversely impact on employees' turnover /turnover intention. The finding of some of this mentioned authors partly relate with Herthberg's theory and partly disagree. In this project, in general, it is proved that satisfaction with promotion opportunity have inverse impact on employees' turnover intention which is in line with Santript S. et al (2013), Nazim A. et al (2011) and Khaled M. et al (2011) findings.

- In general, regardless of the job categories, majority of employees have expressed their satisfaction with pay, nature of work and promotion opportunity. On the other hand they also expressed their dissatisfaction with the supervision in the bank.
- Though the effect of satisfaction with pay and supervision has no significant relationship with employees' turnover intention. Thus satisfaction with pay and supervision were not the major problem for employees' turnover intention.
- Satisfaction with promotion opportunity is negatively related with employees' turnover intention and has significant effect. Thus the banks should give emphasis for the satisfaction of employees on promotion opportunity to minimize their intention to leave.
- Satisfaction with nature of work has no significant relationship with employees' turnover intention. This finding is in contrary to Samuel M.E. et al (2012) study result in which he

found he found the two variables to be inversely related. This might be due to the difference in the context of the studies under taken.

Of all the factors of job satisfaction, promotion opportunity is found decisive in employees' turnover intention

5.2 Recommendations

In line with the conclusion, the study recommends the following:

The management should examine and improve the existing HR policy and procedure on promotion opportunity which can guarantee employees on:

- Giving priority for internal staff to compete on vacant position before announcing to external applicants.
- Fairness of promotion opportunity;
- Transparency of promotion function.

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ANNEX -A Questionnaire:

Addis Ababa University
School of Business and Economics
Executive MBA Program

This is a questionnaire designed to collect data on the impacts of job satisfaction on employees' turnover intention which will be used as an input for a thesis in partial fulfillment of Executive MBA. Your genuine response is solely used for academic purpose. Therefore, your kind cooperation is appreciated in advance.

If you have any question about this questionnaire, you can contact:

Mekonnen Negash Mobile No. 0911 12 70 02, Tel. No. (Office) 011 550 04 66

Part I: Personal Detail

1. Gender Male Female
2. Age 21-30 years old 31-40 years' old 41-50 years' old > 51 years' old
3. Marital Status Married Not married Divorced Widow
4. Education level Diploma/level III/IV Bachelor Masters and above
5. Tenure < 3 years 3 to 5 years > 5 years
6. Job Category Branch management team Officer Clerk

Part II: Job Satisfaction & Turnover Intention related issues

Please put (√) in the place where the choice is appropriate for you.

No.		<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
7	If feel valued by the organization when I think about what they pay me					
8	The period between pay rises is reasonable					
9	All necessary fringe benefits are provided in my organization (e.g. health insurance, transport allowance, provident fund/pension, and different types of loans)					

No.		<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
10	Regarding salary, I feel that I am treated fairly compared with colleagues in my organization who have similar qualifications and who have served a similar number of years					
11	Regarding fringe benefits, I feel that I am treated fairly compared with colleagues in my organization who have similar qualifications and who have served a similar number of years					
12	I always enjoy serving customers					
13	I am able to tolerate the pressure of my work					
14	My work is varied and is not routine					
15	My job gives me the opportunity to work independently					
16	My supervisor always consults co-workers when deciding which may affect works.					
17	My supervisor shows consideration for subordinates' feelings					
18	Communication between me and my immediate supervisor is good					
19	The opportunities for advancement on this job					
20	I intend to leave this company within a short period of time					
21	Regarding promotion, I feel that I am treated fairly compared with colleagues in my organization who have similar qualifications and who have served a similar number of years					
22	I will probably look for a new job in the next year					
		<i>Very satisfied</i>	<i>Moderately satisfied</i>	<i>Not sure</i>	<i>Moderately dissatisfied</i>	<i>Very dissatisfied</i>
How satisfied or dissatisfied are you?						
23	With your immediate supervisor					

The Effects of Job Satisfaction on Employees' Turnover Intention

No.		<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
24	With your rate of pay					
25	With your opportunity to use your abilities					
26	With your chance of promotion					