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**EFFECTS OF PROFESSIONAL EMPLOYEES VOLUNTARY  
TURNOVER ON COMPANY'S SERVICE DELIVERY:  
THE CASE OF ETHIOPIAN INSURANCE CORPORATION (EIC)**

**By: Helina Getachew**

**Advisor: WoldeEmmanuel Walombo (Ph.D)**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY,  
SCHOOL OF COMMERCE, IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS OF MASTER OF HUMAN RESOURCE  
MANAGEMENT (MHRM)**

**June, 2016**

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Name and Signature of the members of examining board

<b>Name</b>	<b>Title</b>	<b>Signature</b>	<b>Date</b>
WoldeEmmanuel Walombo(Ph.D)	Advisor	_____	_____
_____	Internal Examiner	_____	_____
_____	External Examiner	_____	_____

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## LIST OF ACRONYMS

<b>ANOVA</b>	Analysis of Variance
<b>CEO</b>	Chief Executive Officer
<b>CIPD</b>	Chartered Institute of Personnel and Development
<b>EIC</b>	Ethiopian Insurance Corporation
<b>HPWS</b>	High Performance Work System
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Management
<b>MRSC</b>	Municipal Research and Services Centre
<b>OE</b>	Organizational Effectiveness
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PFP</b>	Pay For Performance
<b>RBV</b>	Resource Based View
<b>REBS</b>	Review of Economic and Business Studies
<b>SPSS</b>	Statistical Package for Social Sciences

## **ABSTRACT**

The problems triggering this study were an increasing rate of turnover from year to year, increase in error records, customers complaining of frequently changing professionals and existing professionals' job hopping. The general objective of this study was to examine the actual causes behind professional employees' turnover and its effects on the service delivery of the corporation. The research is aimed at pointing the major causes of professional employees' voluntary turnover, spotting employees more susceptible for voluntary turnover, examining the direct and indirect effects as well as the magnitude and direction of professionals' voluntary turnover on the corporation's service delivery and assessing the attitudes of the higher executives regarding professional employees' voluntary turnover and service delivery. The research type employed in this study is descriptive. This study involved concurrent mixed design, which incorporates both qualitative and quantitative approach, for data collection. Both survey of documents (Secondary data) and structured questionnaire and interview (Primary data) tools were used. Data collected using structured questionnaire was analyzed using the Statistical Package for Social Sciences (SPSS) version 20. Interview was also conducted for triangulation. Findings of this study indicated that lack of clear path for career advancement, unfair treatment of employees, job hopping, non existence of non monetary recognition and flexible working condition and job dissatisfaction are the major causes of professional employees' voluntary turnover in EIC. According to findings of this research, the employees, among the professionals, who are more susceptible for voluntary turnover, are non management young professionals. The findings of this study indicated high error record and customer dissatisfaction which finally turns out to shift of the same to other service providers, as the effect of professionals' voluntary turnover on corporation's service delivery. Concerning the attitudes of higher executives on professional employees' voluntary turnover and service delivery, this study put forward that the management is aware of the existence of increasing rate of professionals' turnover. The majority stressed on the preventive measures as to retain professionals and enhance service delivery. In addition to working on the major controllable factors causing professional's turnover, this study recommends the introduction of structured programme for transfer of critical knowledge, instillation of service culture and placement of service improvement programme.

Key words: Professional, Employees, Voluntary, Turnover, Service delivery

# CHAPTER ONE

## INTRODUCTION

### 1.1. BACKGROUND OF THE STUDY

Human resource management is concerned with the entire process of how people are employed and managed in an organization, directing all to a desired common goal (Armstrong, 2009). A firm's current and potential human resource is an important consideration in the development and execution of its strategic business plan. As a type of resource, human capital means the organization's employees described in terms of their performance, training, experience, judgment and intelligence that can add value to the organization (Noe, Hollenbeck, Gerhart & Wright, 2011). Furthermore, employees of an organization can provide a unique source of competitive advantage that is difficult for its competitors to replicate (Armstrong, 2009). Therefore, the effort of organizations towards recruiting and retaining the right person shall not be shadowed by a significant outflow of high human capital.

Municipal Research and Services Centre (MRSC, 1993) defines service delivery as the actual producing of a service. According to the Organization for Economic Co-operation and Development (OECD, 2010), throughout the world; cities face the most acute challenges of service delivery because of fast growing populations. In many countries, developing countries in particular, the issue of service delivery is a challenge that needs to be addressed given the low quality of service provision and the pressing needs of the poor (Besley & Ghatak, 2007).

According to Gronroos (1984), Service delivery is a component of business that defines the interaction between providers and clients where the provider offers a service, whether that is information or a task, and the client either finds value or loses value as a result. Gronroos also added that service delivery is a dyadic interaction between the customer and the service provider of the firm.

The term "employee turnover" is an important metric that is often central to organizations' workforce planning and strategy. More than 1500 studies exist in the turnover literature (Shaw, Delery, Jenkins, & Gupta, 1998). The complexity of this phenomenon in addition to the lack of a

universally accepted explanatory, causal and predictive framework, provide justification for continued research, which helps to increase the capacity of organizations to effectively understand and manage turnover (Lee & Mitchell, 1999).

According to Currivan (1999), “Turnover is a behavior which describes the process of leaving or replacing employees in an institution”. Agnes (1999) defined turnover as “It is the ratio of number of workers that had to be replaced in a given time period to the average numbers of workers”. Morrell and Clarke (2001) refer to voluntary turnover as “voluntary cessation of membership of an organization by an employee of that organization”.

An employee leaving an organization either voluntarily or involuntarily is certain to have positive or negative effects on the organization. This in turn will affect the performance and service delivery of the organization.

Study made by Dwamoh and Korankye (2012), on “the effect of employee turnover on performance” indicated that, when employees leave and join other organization, it takes time for the former organization to recruit new ones and organizations don’t always get the recruitment and selection process right. Even when organizations get it right, new employees take time to acquaint themselves with the core values, processes, procedures and technology adapted by the new organization they joined. At the same time, as they are in the process of learning, they render services lagging behind customer’s expectations and hence create customer dissatisfaction.

Study by Meyer and Schwager (2007), has shown that professionals turnover affects service delivery negatively. Arguing on the tenets of their findings, Rust and Chung (2006), pointed that interaction between the customer and the service provider determines service quality and customer satisfaction.

Having some researches done in the area, interests to make further study are still boosting. This shows how critical the area is and further investigations aim at finding optimal level to curtail turnover and make its negative effects as minimal as possible.

## **1.2. BACKGROUND OF THE ORGANIZATION**

Ethiopian Insurance Corporation (EIC), organization under study, was established by proclamation No. 68/1975 on the 1st January 1976 and managed in accordance with the public enterprises proclamation No. 25/1992, with the objectives of engaging in the business of rendering insurance services and in any other related activities conducive to the attainment of its purpose. Starting from its establishment, EIC has been providing insurance services for its customers for the last 40 years both as the only insurance service provider (for 19 years, from 1976-1994) and as a competitive insurance service provider in the country (1994- present). The corporation has 1763 employees, of which 755 are professionals.

## **1.3. STATEMENT OF THE PROBLEM**

With globalization which is heightening competition, organizations must continue to develop tangible products and provide services which are based on strategies created by employees. Employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan & Nich, 2002). Therefore, organizations must recognize that employees are major contributors to the efficient achievement of its success (Abbasi & Hollman, 2000).

Employee turnover is expensive from the view of the organization. Research estimates indicate that hiring and training a replacement worker for a lost employee costs approximately 50 percent of the worker's annual salary (Johnson, Griffeth & Griffin, 2000) – but the costs do not stop there. Each time an employee leaves the firm, productivity drops due to the learning curve involved in understanding the job and the organization. In addition to this, the loss of intellectual capital adds to this cost, not only do organizations lose the human capital and relational capital of the departing employee, but also competitors are potentially gaining these assets.

Looking into the five years summary of turnover data (turnover trend in EIC, 2015) of the corporation, the increase in rate of turnover from year to year seems attention seeking. The following figure 1 clearly indicates the incremental pattern of professionals' turnover. The figure took the table below as source data.

Year	No of Resigned Professionals	Total Number of Professional employees	Terminated employees (in Percentage)
2011	23	467	4.9%
2012	29	553	5.2%
2013	35	635	5.5%
2014	46	690	6.7%
2015	59	755	7.8%

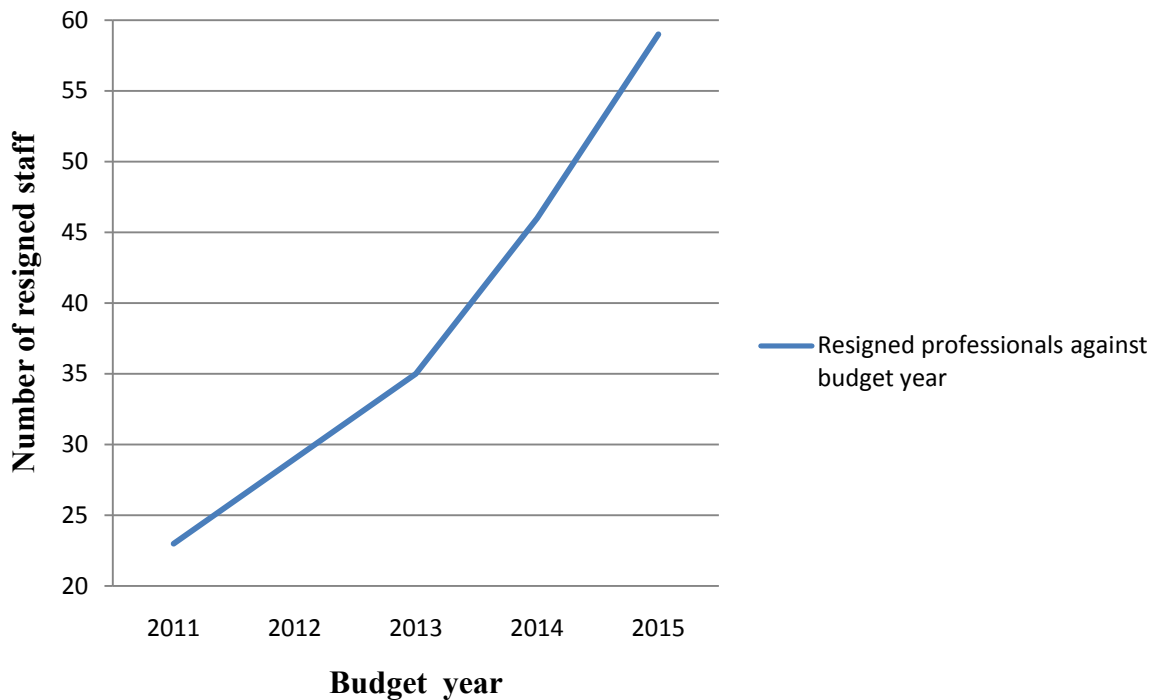


Figure 1: Incremental pattern of resigned professionals over the budget years  
Source: compiled from HR database

A preliminary survey within the study organization has also revealed that professional employees are looking for a better offer and opportunity to leave the corporation.

Customers are often heard complaining about frequently changing professionals” and few even wrote on suggestion register books that the frequently changing staff is making the service delivery below standard (Customer suggestion register book, 2014) .

As the researcher asked the HR Manager regarding the cause and effect of professionals' voluntary turnover, she cited that better employment opportunity and grievance are the major causes of professionals' voluntary turnover. She added that the corporation is losing well versed employees to competitors.

As far as the human resource department of the corporation is concerned, nothing has been done so far to find out the causes and effects of professionals' voluntary turnover on the organization's service delivery. This is the gap that the researcher identified and intended to take as a critical area to be researched.

#### **1.4. RESEARCH QUESTIONS**

This research is aimed at answering the under listed questions:

- What are the main causes of professional employees' voluntary turnover in EIC?
- Who are the employees, among the professionals, more susceptible for voluntary turnover?
- What are the direct and indirect effects of professionals' voluntary turnover on the corporation's service delivery?
- What is the magnitude and direction (positive or negative) of the effect of professionals' voluntary turnover on the corporation's service delivery?
- What are the attitudes of the higher executives regarding professional employees' voluntary turnover and service delivery?

#### **1.5. OBJECTIVE OF THE STUDY**

Basically, this research is aimed at examining the causes behind professionals' turnover and its effects on the service delivery of Ethiopian Insurance Corporation and suggesting possible counter attacks to fight against and retain professionals.

The specific objectives of this study are:

- To assess the main causes of professional employees' voluntary turnover in EIC.
- To spot the employees, among the professionals, more susceptible for voluntary turnover.

- To examine the direct and indirect effects of professionals' voluntary turnover on the corporation's service delivery.
- To investigate the magnitude and direction (positive or negative) of the effect of professionals' voluntary turnover on the corporation's service delivery.
- To assess the attitudes of the higher executives regarding professional employees' voluntary turnover and service delivery.

## **1.6. DEFINITION OF TERMS**

**Human Resource Management** – is defined as a strategic and coherent approach to the management of an organization's most valued assets; the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2009).

**Voluntary Turnover** – is an employee's decision to terminate the employment relationship (Shaw et.al, 1998).

**Professional Employee** – is operationally defined as an employee engaged in work predominantly intellectual and varied in character; highly involving getting hold of knowledge of an advanced type by a course of specialized intellectual instruction and stay on the specific area (developed by the researcher for the purpose of this study).

## **1.7. SIGNIFICANCE OF THE STUDY**

This study is tailored towards adding a share to the existing body of knowledge. In due course, recommendations will be forwarded and human resource managers and higher officials will hopefully find them worth using. The recommendations are aimed at addressing challenges of the studied kind elsewhere in addition to the significant contribution it would make to the company under study. It is also expected that the study will be of assistance as a stepping-stone for any researcher to undertake further research.

## **1.8. DELIMITATIONS OF THE STUDY**

This study delimits itself in considering five years employee turnover data of the organization under study, Ethiopian Insurance Corporation. The study also focused on professional employees

only, since the loss of professionals is unconstructive to organizations with regard to its inadequate supply as opposed to non professionals" sufficient supply on the labor market.

### **1.9. LIMITATIONS OF THE STUDY**

This study encountered various limitations that tended to hinder access to information sought by the study. These limitations include scarcity of studies in the area and difficulty of getting ex-employees of the organization. In addition, this study is limited to a selection of variables related to professional employees" voluntary turnover and service delivery.

### **1.10. ORGANIZATION OF THE STUDY**

This study is organized into five chapters. The first chapter portrays the introduction that includes the back ground of the study, statement of the problem, research questions, objectives of the study, significance of the study, delimitation (scope) of the study and limitation of the study, operational definition of terms and potential ethical issues of the study. The second part presents review of related literature incorporating both empirical and theoretical resources. Part three depicts research methodology that includes research design, sources of data, study area, study subject, data collection and procedure, sampling techniques (descriptions) and data analysis. The fourth part is presentation, analysis and interpretation of data of the study. The last part contains summary, conclusion and recommendation.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. INTRODUCTION**

This chapter deals with the review of related literature beginning with those explaining about employee turnover followed by various reasons and consequences of quit of professionals. Following this, broader turnover-service delivery literature is inspected focusing on well-known models. Finally, literatures on professional employee service delivery and minimization of turnover rates are reviewed.

#### **2.2. OVERVIEW OF EMPLOYEE TURNOVER**

In a highly competitive and customer-centered market economy, service organizations are forced to provide high-quality services that generate customer satisfaction, loyalty, enlarge market share and improve their performance results (Pantouvakis, 2010). In services setting, customer satisfaction mainly depends on the process of service delivery, a fact that highlights the important role of the professional employees. These employees constitute an essential source of information for guiding the formation of services based on customer needs and have a key responsibility in increasing the customers' perception of value during the moment of truth (Yap & Sweeney, 2007). If employees leave, meeting the organizational needs may have negative effect on the quality of service provided to service beneficiaries (Nzimande, 2011). The resignation of professional employees voluntarily creates gap, which causes understaffing, overburdening remaining staff, deterioration in quality of service resulting in downbeat syndrome (Nzimande, 2011). Loosing high-skilled workers is a two-fold loss: in addition to the company loosing expertise, the result is often a competitor gaining this valuable skill set. As such, employers should strive to understand the intricate relationship between employee skill, service quality and retention (Nzimande, 2011).

Employee turnover is considered to be one of the persisting problems in organizations (Armstrong, 2009; König, 2014). In particular if it involves quality employees who have worked for the organization for many years, high performers, experienced and loyal individuals (Branham, 2005; Katcher, Snyder, 2007; Somaya, Williamson, 2008). The typical negative

corollary of turnover is that another organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge thus is a threat for the former organization, which darkens knowledge continuity.

### **2.2.1. Employee Turnover**

The emergence of different institutions and the related increase in the requirement of skilled employees leads to stiff competition of institutions to hire and maintain best employees. Hence employee turnover is inevitable and is one of the major human resource challenges of most firms.

Loquercio, Hammersley and Emmens, (2006) opine that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract. According to Singh and Chhabra (1994), staff turnover is the rate of change in the working staffs of a concern during a defined period. As per the Chartered Institute of Personnel and Development (2015), employee turnover is the “ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees”. Turnover, as defined by Abbasi and Hollman (2000), is the “rotation of employees around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment”.

### **2.2.2. Types of Employee Turnover**

Although there are many causes for employee turnover in an organization, all of them have not negative impact on the organizational well-being. According to Grobler, Warnich, Carrel, Elbert and Hatfield (2006), a certain amount of turnover is expected, unavoidable and considered beneficial to the organization. The rationale behind it is that new employees may inject fresh blood into firms by introducing new ideas, methods, innovations and effective ways of doing things. In addition, turnover may help rectify poor hiring and placement decisions. Such turnover is referred to as functional turnover. Thus some turnover renews a stagnating organization.

Organizations should differentiate between voluntary and involuntary turnovers and take actions on the one that they have control. Voluntary turnovers are those caused by the interest of the employee (e.g. to take job in other organization for better salary) while involuntary turnovers are the decision of management to quit employees from work (e.g. dismissal for gross misconduct) Loquercio, et al, (2006).

In general, all resignations that are not formally initiated by employers are voluntary resignations. Voluntary turnovers are further classified as being functional and dysfunctional turnovers. Functional turnovers are the resignation of substandard performers and dysfunctional turnovers refer to the exit of effective performers. Avoidable turnover is a dysfunctional voluntary turnover which is stoppable whereas unavoidable turnover is an inevitable dysfunctional voluntary turnover. Loquercio, et al, (2006, pp 2).

The following figure adapted from Loquercio et. al, (2006) gives a clear picture of staff turnover types.

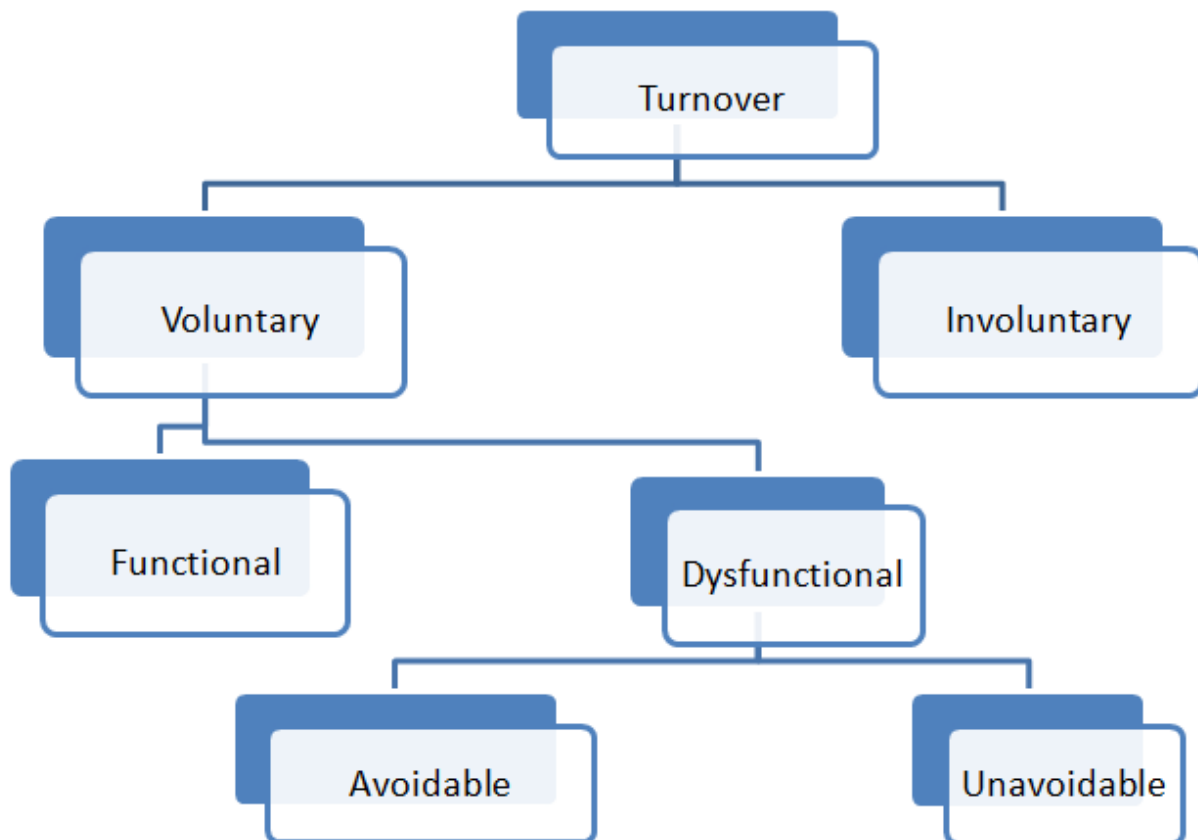


Figure 2: Types of employees Turnover.

Source: Loquercio, et .al. (2006) Understanding and Addressing Staffs Turnover in Humanitarian Agencies.

### **2.3. MEASURING EMPLOYEE TURNOVER**

The Chartered Institute of Personnel and Development (CIPD) in the United Kingdom developed an easy to use and most common way of measuring employee turnover. The technique, which is referred as separation rate, measures the number of leavers in a period as a percentage of the number employed during the same period (*CIPD championing better work and working lives*, 2015).

$$\text{Separation Ratio} = \left( \frac{\text{Total Number of leavers over a period}}{\text{Average Number employed over a period}} \right) * 100$$

The numerator of the above formula includes all leavers: voluntary, dismissed and retired. The researcher believes that, retirement leavers shall be excluded from the calculation, since ending a fixed term does not indicate any existent problem of the organization.

### **2.4. FACTORS AFFECTING EMPLOYEE TURNOVER**

Employees are the heart of every organization. The success of any organization is directly related to its employees and is determined by their cumulative achievements. Most successful organizations have stable organizational work environment with perfect blend of youth and experience. These successful organizations retain their employees by ensuring their needs are properly addressed. Therefore, job satisfaction, which is a measure of one's emotional binding and attitude towards his/her job, is higher in these organizations (Graham, 1982). Specifically, job satisfaction explains how effectively an employee's expectation is being matched by the organization (Greenberg & Baron, 2003). Compensation is another factor that affects job satisfactions that in turn, in the long term, impact the intentions of leaving a job/organization. Higher compensation is negatively correlated with intention to leave and thus directly related to job satisfaction (Lum, Kervin, Clark, Reid, and Sirola, 1998). Mueller and Price (1990) also asserted that employees tend to leave an organization due to financial reasons. There are various reasons for employee turnover- some of which are directly related to the organization i.e. the organizational variables while some are external. External factors include the labor market conditions, macroeconomic environment and globalization effect. These factors can impact the employment opportunities for individuals which may lead to capable employees leaving an organization. Other relevant factors include individual work variables such as demographic

factors and other intrinsic factors relating to growth, remuneration and promotion (Arthur, 2001). Few articles include the factors such as stress, work load and work –life balance to play significant roles in influencing someone to leave an organization.

#### **2.4.1. Demographic Factors**

Demographic variables are used for turnover research and analysis. The most pertinent demographic factors are age and tenure. Extensive studies have been done in this segment. Age is a prime determinant in turnover analysis. An employee can expect to switch up to twelve jobs by the age of 40 (Arthur, 2001). Other studies have looked into the relationship of certain factors to turnover. For instance, job satisfaction and turnover as expected have inverse correlation (Griffeth, 2000). An indirect measure of turnover is organizational commitment. While turnover and organizational commitment can be said to be negatively correlated, organizational commitment has a positive correlation with age, job experience and duration of service in the organization (Greenberg & Baron, 2003). Some researchers have gone to the extent of observing if gender differences play any role in turnover. The results deduced from these are conflicting with no one definite relationship between gender and turnover striking out. Women have less expectation from their work life and thus have greater job satisfaction (Sousa-Poza, 2007). Some articles state female employees turnover are greater than their male counterpart (Abassi *et al.* 2000). Some reports state that males are more akin to leave jobs (Elaine, 1997). A few even reported that there is no correlation between gender and turnover (Miller and Wheeler, 1992).

#### **2.4.2. Personal Factors**

Personal factors such as health problem, family related issues, children education and social status contributes in turnover intentions. However, very little amount of empirical research work is available on personal related factors. There is another important variable, “Job-Hopping”, contributing in turnover intentions. When there is a labor shortage, employees have plenty of jobs available. Consequently, they can afford to switch jobs for a few extra dollars. Many employees are believed to job-hop for no reason or even for fun. For example, an employee changes his or her job because some of his or her friends or relatives have done so. Employees may job-hop over trivial things such as a dislike for the hairstyle of the boss. Or, if an employee faces a minor problem (e.g., minor disagreement with the boss or other colleagues), he or she may simply resign (Debrah, 1993:1994). Unrealistic expectation of employee is also an

important personal factor which contributes in turnover. Many people keep unrealistic expectations from organization when they join. When these unrealistic expectations are not realized, the worker becomes disappointed and they quit. One of the personal factors which have been missed in many research studies is the inability of employee to follow organizations timings, rules, regulations, and requirement, as a result they resign. Masahudu (2008) has identified another important variables “employers” geographic location” that may determine turnover. The closeness of employees to their families and significant others may be a reason to look elsewhere for opportunities or stay with their current employers. For instance, two families living and working across two time zones may decide to look for opportunities closer to each other (REBS, 2010).

#### **2.4.3. Push Factors/Controlled Factors**

Push factors are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations (REBS, 2010).

According to Loquercio (2006) it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff has a preference for stability. However, sometime employees are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. On the basis of available literature, push factor can be classified into:

#### **Organizational Factors**

There are many factors which are attached with an organization and work as push factors for employees to quit. Among them which are derived from various studies are: salary, benefits and facilities; size of organization (the number of staff in the organization); location of the organization (small or big city); nature and kind of organization; stability of organization; communication system in organization; management practice and polices; employees” empowerment. There is also another push variable called organizational justice.

According to Folger & Greenberg (1985), organizational justice means fairness in the workplace. There are two forms of organizational justice: distributive justice, which describes the fairness of the outcomes an employee receives; and procedural justice, which describes the fairness of the procedures used to determine those outcomes.

## **Attitude Factors**

In the literature, attitude is another kind of push factor which is mostly attached with employee behavior. Attitude factors are further classified into job satisfaction and job stress.

Job satisfaction is a collection of positive and/or negative feelings that an individual holds towards his or her job. Satisfied employees are less likely to quit (REBS, 2010).

Job satisfaction is further divided into extrinsic factors and intrinsic factors. Extrinsic factors include variables such as job security, physical conditions/working environment, fringe benefits, and pay. Intrinsic factors include variables such as recognition, freedom, position advancement, learning opportunities, nature, and kind of job and social status (workers with a high hierarchical position who link their social position with their job want to retain it) (REBS, 2010).

Job stress includes variables such as role ambiguity (i.e. my job responsibilities are not clear to me), role conflict (i.e. to satisfy some people at my job, I have to upset others), work-overload (i.e. it seems to me that I have more work at my job than I can handle) and work-family conflicts (i.e. my work makes me too tired to enjoy family life), REBS (2010).

## **Organizational Commitment**

There are numerous factors which are attached with employee and organization and work as push factors for employee to quit. Organizations are interested in not only finding high performing employees, but those who will be committed to the organization. Similarly employees are also interested to work in an organization which is committed to pursue their careers and benefits. Organizational commitment is recognized as a key factor in the employment relationship and it is widely accepted that strengthening employment commitment, reduce turnover (Mohammad, 2006).

According to Ongori (2007), organizational commitment is an affective response to the whole organization and is the degree of attachment or loyalty employees feel towards the organization.

Johns (1996) defines organizational commitment as “an attitude that reflects the strength of the linkage between an employee and an organization.” Ugboro (2006) identified three types of organizational commitment: affective, continuance and normative, detail of which is given below:

**Affective commitment** is employee emotional attachment to the organization. It results from and is induced by an individual and organizational value congruency. It is almost natural for the individual to become emotionally attached to and enjoy continuing membership in the organization (Ugboro, 2006).

**Continuance commitment** is willingness of employee to remain in an organization because of personal investment in the form of non transferable investments and career investments, acquired job skills which are unique to a particular organization, years of employment in a particular organization, involvement in the community in which the employer is located, and other benefits that make it too costly for one to leave and seek employment elsewhere (Ugboro, 2006).

**Normative commitment** is induced by a feeling of obligation to remain with an organization (Ugboro, 2006).

#### **2.4.4. Pull Factors/ Uncontrolled Factors**

Pull factors are those reasons that attract the employee to a new place of work. In some papers pull factors are named as uncontrollable factors because they are out of the control of organizations.

Various pull factors derived from literature are: high salary, career advancement, new challenge and interesting work, job security, good location of company, better culture, life-work balance, more freedom/autonomy, well reputation of organization, more benefits, good boss (REBS, 2010).

## **2.5. EFFECTS OF PROFESSIONAL EMPLOYEES VOLUNTARY TURNOVER**

Turnover or inter-company mobility is a transfer of employees between the organization and its surroundings, i.e. other organizations or institutions. It can have both desirable and undesirable effects (Reiß, 2008). The undesirable effects may include, for example, the failure to use expertise and experience gained by a leaving employee, development of unwanted features and approaches by other employees in the organization, disruption of the attitude to work and work morale, higher demands placed on other employees during the period of substitution, possible

loss of customers, increase of costs to recruit a replacement, his/her selection, training and adaptation (Armstrong, 2009).

While losing employees that are poor performers or negative influences on workplace morale can have positive effects, voluntary turnover of good performing professionals is generally regarded as bad for business. High turnover rates typically mean companies are doing a poor job selecting the right employees, failing to provide a motivating work environment or losing out to employers that offer better pay and benefits (Gilley, Gilley, Quatro, and Dixon 2009).

Turnover is the measurement of how many employees leave an organization. Service giving organizations tend to have turnover rate of 56.4% per year while the average turnover rate is around 23% (Ann Gilley et al, 2009). Increase in turnover rate means replacing employees frequently. The opposite of turnover is retention. If someone leaves your company for better pay, you have failed. If you don't pay the best, someone else will and you won't be the best. An intrinsic part of doing the best relates to pay. The best people command the best pay and they will travel to wherever they can find it (David Freemantle, 2004). The main reasons why people quit includes job stress, stressors, lack of commitment, job dissatisfaction and locus of control (the extent to which people believe that the external factors such as chance and powerful others are in control of the events which influence their lives) (Forth and Millward, 2004). Morrell et al, to the contrary, argue that employees quit from organizations due to economic reasons. Each time an employee leaves the firm; we presume productivity drops due to the learning curve involved in understanding the job and organization. Furthermore, loss of intellectual capacity adds to cost since not only do organizations lose human and relational capital but competitors are potentially gaining these assets (Meaghan et al, 2002). Some costs outlined by Barry M. Staw (1980), include selection and recruitment cost, training and development cost, operational disruption cost and demoralization of organizational membership. There are also intangible costs associated with lower levels of customer service and lower efficiencies until replacements become proficient at their job. From a financial perspective, turnover costs are important but often hidden from managers. There are no profit and loss statements that specifically capture the "cost of voluntary turnover". Instead, the costs are buried in line items like recruitment, selection, temporary staffing and training. Or worse still, the real but unmeasured costs from losses of customer service continuity or critical implicit knowledge are never calculated

(Holtom, Mitchell, Lee and Eberly, 2008). Staw also outlined the positive consequences as increased performance, reduction of conflict, increased mobility, innovation and adaptation (Staw,1980).

The major effects of professional employees' voluntary turnover on organizations are:

**Lower knowledge base-** In organizations with high turnover, constant change in employee ranks means average years of experience and background of employees are low. This means employees are generally less familiar with work tasks they complete and working effectively with customers. The "Business Link" website indicates that the more valuable the positions being turned over are to the company, the more impact the turnover will have on current and future performance and service delivery. If an employee leaves an organization, they take the knowledge they have acquired with them. The loss of knowledge is a potential threat to an organizations existence, especially if an employee with valuable knowledge leaves to join a competitor (Stam, 2009).

**Decreased performance/service delivery-** One of the simplest but highly impacting negative effects of turnover is decreased performance in the workplace. In their December 2007 Harvard Business School article "Managing the Impact of Employee Turnover on Performance: The Role of Process Conformance," Zeynep Ton and Robert S. Huckman (2008) cite a 48-month study conducted in a large United States retail chain that revealed that both profit margin and customer service were adversely affected by turnover. Less experienced professionals are less likely to sell higher value solutions and deliver optimized service (Ton and Huckman, 2008).

**Unfulfilled daily functions-** Many of the negative effects of turnover relate to performance quality, but the "Encyclopedia of Business" points out companies with higher turnover may struggle to complete all necessary or important daily functions. For instance, if it takes 10 workers to complete a given work task or function in a day, and only seven workers are currently employed in that area, the company has to figure out how to deal with the unfulfilled daily work requirement.

**Costs-** Loosing highly skilled professionals may lead to substantial costs and hidden costs associated with difficulties in completing projects and disruptions in team-based work environments (Gaan, 2011).

Consider the following figure. It simply shows that initially most employees are a "cost" to the organization, and that over time, with the right talent practices, they become more and more valuable.

## Cost to Value of an Employee

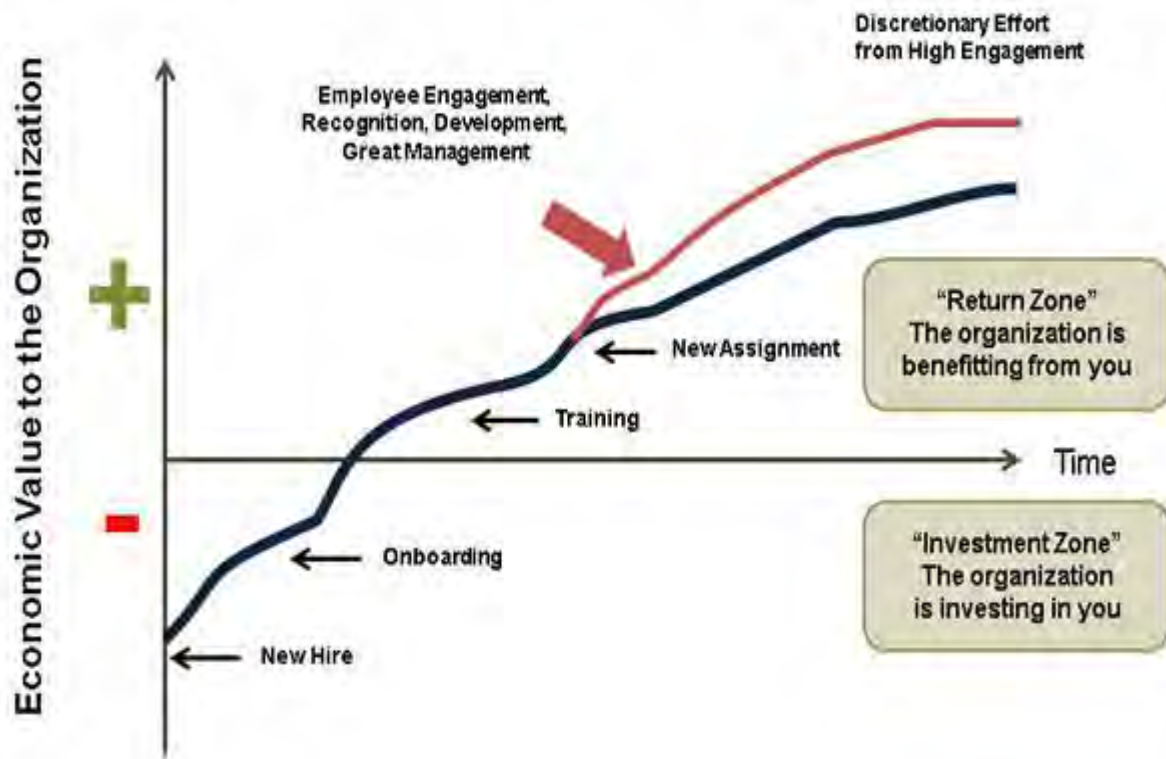


Figure 3: Economic Value of an Employee to the Organization over Time (C) Bersin by Deloitte  
Source: C.Lalitha (2014) Employee retention: A strategic tool for organization profitability.

Every time an employee leaves and is replaced, there are costs associated with the process of losing the first employee and hiring and training the new one. The Rain Maker Group indicates that it can cost about one-half of an unskilled worker's annual salary to replace a lost employee.

Replacing a technically skilled employee or a high level manager can cost as much as three to five times the annual salary (Gaan, 2011).

**Revenue-** Employee turnover has a direct impact on company revenue and profitability. According to the "Organization Science" magazine, the estimated cost of a lost employee earning \$8 per hour at a retail chain store is \$3,500 to \$25,000. Aspects contributing to this include hiring expenses, training labor, lost sales and productivity. Obviously, the revenue impact can be much higher depending on the industry, employee's position and wage. If a severance package is paid, this is an expense with no return on investment. Consider, also, management labor costs in placing classified ads, reviewing applications, interviewing and training. Although some companies utilize a job-placement service, this is still an expense. Additional expenses result from lost productivity or a lost customer base (Staw,1980).

**Low workplace morale-** A high turnover rate can result in low employee morale. This may stem from overworked employees who have had increased workloads and responsibilities due to a lack of an active or trained workforce. New employees are not immune. They too may suffer from low morale as they struggle learning new job duties and procedures. Continuation of this type of work environment can result in the company having a more difficult time attracting and keeping high-quality talent (Staw,1980).

**Deteriorating product or service quality-** Lower productivity and sub-par quality of work can result from a disruption in daily operations due to an overall low number of employees or inexperienced employees without complete training. This is especially true in industries where repetition and comfort level play a larger role than innovation. Although a seemingly small issue, there could be a sizable impact on customer satisfaction (Staw,1980).

**Reduction in marketing return on investment-** Even if marketing expenses remain consistent in efforts to attract new customers, the return on investment is lowered if the company is losing customers and customer referrals due to inexperienced staff or lower-quality products and services (Staw,1980).

## **2.6. PROFESSIONAL EMPLOYEE VOLUNTARY TURNOVER AND SERVICE DELIVERY**

A critical issue in service organizations may be to retain service employees in general, and specifically those employees who are talented in working with customers and delivering excellent service quality. Retaining employees is related to the field of employee-turnover management (Lto and Brotherridge, 2005).

As employees leave organizations for many reasons; oftentimes these reasons are unknown to their employers. Employers need to listen to employees' needs and implement retention strategies to make employees feel valued and engaged in order to keep them. These retention methods can have a significant and positive impact on an organization's turnover rate. According to strategic planning consultant Leigh Branham, 88% of employees leave their jobs for reasons other than pay: However, 70% of managers think employees leave mainly for pay-related reasons. Branham says there are seven main reasons why employees leave a company: when they feel the job or workplace is not what they expected, there is a mismatch between the job and person, there is too little coaching and feedback, there are too few growth and advancement opportunities, they feel devalued and unrecognized, they feel stress from overwork and have a work/life imbalance, and when there is a loss of trust and confidence in senior leaders (Branham, 2005).

Turnover is costly. Life work solutions, a provider of staff retention and consulting services, provided the following turnover facts and rates:

Over 50 % of people recruited into an organization will leave within 2 years. One in four of new hires will leave within 6 months. Nearly 70% of organizations report that staff turnover has a negative financial impact due to the cost of recruiting, hiring, and training a replacement employee and the overtime work of current employees that's required until the organization can fill the vacant position. Nearly 70 % of organizations reports disclosed having difficulties in replacing staff. Approximately 50% of organizations experience regular problems with employee retention. From these statistics it's clear that it's important to develop a retention plan to retain employees and keep turnover low (Angott, 2007).

As explained by EA Consulting Group (2008) in a recent paper, the dilemma facing organizations is whether to invest more time and money fine-tuning their recruitment strategy or to pay extra attention to retaining the talent they already have. Recruiting new staff is expensive, stressful and time-consuming. Once you have good staff, it pays to make sure that they stay (Main, 2008).

### **2.6.1. Reward**

Reward does not simply compensate employees for their effort but also influence the recruitment and retention of strongest service performers (Alan Price, 2004). Therefore, it is necessary for companies to reward and promote their employees if they want the talented employees to stay with their companies (Wilson et al., 2008). The reward system need to be aligned to motivate employee performance that is consistent with the firm's strategy, attract and retain people with the knowledge, skills and abilities required to realize the firm's strategic goals, and create a supportive culture and structure. More and more companies have turned to a variety of rewards because they recognize the development of new reward systems and structures should focus on customer satisfaction (Wilson et al., 2008).

Intrinsic reward, in particular recognition towards efforts, is designed to retain top-performing employees, motivate the desired performance, enhance service delivery and control costs. If a company wants to reduce professional's turnover, it must define performance in very specific, objective, quantifiable terms, measure it, track it and provide apt recognition (Boswell and Boudreau, 2002).

Organizations have become increasingly interested in managing their human resources in such a way that can contribute to the business performance. The service industry is not an exception to this. Increasingly, organizations are realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward and recognize employees. Employees of these organizations truly represent the business bearing in mind that humans are the sole strategic assets, and other physical assets are supportive. Therefore, in order to ensure the success of the business, the maintenance, management and development of human resources cannot be underestimated. Studies that have been conducted on this topic indicates that the most common problem in organizations today is that they miss the important component of

recognition, which is the low-cost, high-return ingredient to a well-balanced reward system. A key focus of recognition is to make employees feel appreciated and valued (Sarvadi, 2005). Research has proven that employees who get recognized tend to have higher self-esteem, more confidence and belongingness, more willingness to take on new challenges and more eagerness to be innovative and deliver spur-of-the-moment service (Mason, 2001).

### **2.6.2. Training, Professional Development and Career Planning**

World over, employees hope to grow their professions and achieve distinguished careers over the course of their work life. Employees believe that their career objectives are within their grasp if they could find the right organization to actualize their ambitions (Weigold, Porfeli, & Weigold, 2013). Organizations on the other hand invest heavily in training, developing, and nurturing their employees so as to build a stable dependable base for profitability. According to Clarke (2010), the discordant alignment between what employees want, and organizational objectives most often leads to dissatisfaction, and eventually employees' turnover. Zuber (2001) argues that employees are more likely to stay with an organization if their career growth prospects are guaranteed, and if they feel satisfied working with the organization. However, if career development opportunities are scanty or not equally available, employees tend to leave the organization for greener pastures where their career objectives can be met.

Organizations working in the hospitality industry compete primarily with their services, a situation described by Gronroos as service competition (Gronroos, 2000). Gronroos states the first rule for achieving successful ongoing service quality saying; "people develop and maintain good and enduring customer contacts. Employees ought to act as consultants, who are prepared to do their duty when the customer needs them and in a way the customer wants. The firm which manages best to do this strengthens its customer relationships and achieves the best profitability" (Gronroos, 2000). In order to maintain and improve the quality of service and to ensure customer satisfaction, quality staff is required and that, in turn, requires HRM practices such as ongoing staff training and strategic career development planning (Van der Wagen, 2005).

Although, there is no ordinary context for understanding employee turnover as a whole, numerous researches have been conducted on the subject in a quest to demystify the factors that contribute to turnover. According to Sullivan et al., (2003), and Avey, et al., (2010), employees career prospects are built on the precept of securing a promotion, obtaining career development

experiences, career growth opportunities, career coaching and mentoring. Zuber (2001) argues that employees are more likely to stay with an organization if their career growth prospects are guaranteed, and if they feel satisfied working with the organization. However, if career development opportunities are scanty or not equally available, employees tend to leave the organization for greener pastures where their career objectives can be met.

The Ernst & Young (2013) research conducted in Europe, Middle East, India and Africa confirmed assertion that the neglect of career development can result in devastating turnover rates for the employer. Ernst & Young (2013) further showed that in Kenya professional services in banking, insurance and media are the most widely affected.

According to Jones and McIntosh (2010), understanding the worth of employees' career, and enhancing mechanisms for the growth and development can significantly reduce turnover intentions, and eventual turnover. Duffy, *et al.*, (2011) argues that organizations that place obstacles in employee's career development stand a greater chance of funneling disgruntled employees who would quit the organization at any best available opportunity for growth. Samuel (2010) equates moving up the organization to moving out of the organization and counts for basic career growth that can trigger turnover. However Feldman and Nigel (2008), extrapolates an argument by stating that employee turnover could also be necessitated by opportunity for advancement or promotion outside the organization. Usually employees with a higher affinity for growth opportunities would prefer other organizations which may offer them such opportunities or better opportunities with increased compensation packages.

The availability of career development opportunities illustrates the willingness and effort of the organization to cherish employees. Generally, organizations that provide relevant quantity and quality development schemes are signaling to employees their likeliness to develop a cadre of skillful employees to grow together with the business. Huselid (1995) suggested that progressive HR practices that embrace career-related practices could improve knowledge, skills and the abilities of an organization's current and potential employees, and enhance the retention of quality employees along with an outstanding service delivery.

### **2.6.3. Employee-Management relation**

According to Josephat S.I. (2011), employee relation means the relationship between the employee and the management as well as the relationships among employees themselves. Employees leave their organization due to poor match between the employee and the job or the organization (Muteswa and Ortlepp, 2011). Therefore, if the organization is not meeting the employees “needs”, their intentions to leave are increased which results in them making the decision to quit.

Communication within an organization is critical not only for the organizational functioning, but also for keeping employees committed (Howard, 2008). Research shows that employees feel more involved in, loyal to, committed to agencies that engage in participatory decision-making and communication mechanism that keep them informed about their jobs and wider organizational context. Having a voice in the workplace helps employees feel that their voices are heard and that they have influence over the direction of the organization (Howard, 2008). Organizational procedures and working conditions such as adequate materials, supplies and budgetary support for the work have been shown to be correlated with commitment and turnover (Howard, 2008). Research also shows that physical work environment impacts employee physical and psychological health, which in turn relates to turnover.

Richard *et al.*, (2009) argue that there is a significant correlation between office relationships between employees and the supervisor. There are cases where supervisors can be cruel in the manner in which they assign responsibilities, work, or the way they micro-manage employees. Such toxic environments create sufficient reason that leads to employee turnover.

In employee-supervisor relationship, it is of necessity that employees’ personal strengths, uniqueness, and rights be treated as primary elements that reduce turnover (Ghosh & Sahney, 2010). It is imperative that as a mentor to employees’ under their domain, supervisors should endeavor to make appreciative positive contribution that enhances employees work experience and satisfaction, hence lead to reduction in turnover (Armstrong, 2009).

Various other researchers Allen *et al.*,(2004); Butler(2001); Choi *et al.*, (2012) found out that employees perception of the nature of supervisory support had a direct impact on turnover intentions, and eventual turnover of employees from their organizations. An argument can

therefore be made that supervisors' knowledge in guiding, shaping and transforming employees as well as their perceived attitudes and behavior towards employees' have a significant impact on employee turnover (Karl, Peluchette & Hall, 2008).

According to Costello, taking time to listen to employees and making them feel involved will create loyalty, in turn reducing turnover, allowing for growth and competitive service delivery (Costello, 2006).

Managers and leaders are expected to be prepared, collaborative, supportive and nurturing workforce when faced with unprecedented conditions forcing the institution to make radical changes too. This includes transparent ways of grievance and conflict handling procedures, and even dissatisfactions at individual level. If there is a good relationship between management and employees as well as among employees, turnover befalls preventable (Howard, 2008).

## **2.7. STRATEGIES FOR DELIVERING SERVICE QUALITY THROUGH PEOPLE**

Service quality is defined as an assessment of how well a delivered service conforms to the client's expectations. Service business operators often assess the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better assess client satisfaction (Gibson, 2005).

Zeithaml & Bitner (2008) states that "Service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, empathy, tangibles. Satisfaction, on other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors. "The creation of customer satisfaction can provide several benefits, including harmonious relationship between companies and consumers, providing a good basis for the purchase and re-creation of customer loyalty, and form a recommendation by word of mouth that can benefit the company" (Fandi Tjiptono, 1997)

Wilson, Zeithaml, Bitner and Gremler (2008) state that: *"A complex combination of strategies is needed to ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer-oriented, service-minded ways."*

If the human resource decisions and strategies in companies are aimed at motivating and enabling employees to deliver customer-oriented promises successfully, they will move towards delivering service quality through their people (Wilson et al., 2008).

Wilson et al. (2008) also state that: *"To build a customer-oriented, service-minded workforce, companies must (1) hire the right people, (2) develop people to deliver service quality, (3) provide the needed support systems, and (4) retain the best people."*



Figure 4: Human resource strategies for delivering service quality through people  
Source: Wilson et al., (2008)

Each of these basic strategies has a lot of specific sub strategies, as shown in Figure 6. The researcher has considered the most imperative one, i.e retain the best people, for further discussion.

Retaining the best people is an essential part of human resource management. Only hiring the suitable people for the company is not enough. One key to success for HRM is to keep the best people. Companies that hire the right people, train and develop them to deliver service quality, and provision of the needed support must also work to retain the people (Wilson et al., 2008).

The sub strategies under retaining the best people are:

### **Include employees in the company's vision**

Including employees in the company's vision benefits both the company it serves and the employees themselves (Grönroos, 2000). To keep the effort and motivation of employees in line with the organization's objective, employees need to share an understanding of the organization's vision (Wilson et al., 2008). To some extent, employees will be motivated by their pay, reward and other benefits, but the best employees will focus on whether they are committed to the company's vision and its goals (Wilson et al., 2008). Wilson et al. (2008) have indicated that employees cannot be committed to the company's vision and will attract away to other opportunities when the vision is kept secret from them. In contrast, employees are more likely to remain in the company when the vision and direction are clear and motivating.

### **Treat employees as customers**

Wilson et al. (2008) suggest that the company can attract and retain the best employees if the company takes care of their employees. They suppose that employees who feel they are treated fairly by their companies will treat their customer better, ultimately achieving greater customer satisfaction. In other words, satisfied employees make for satisfied customers (Wilson et al., 2008). Wilson et al. (2008) also suppose that companies can assess the employee satisfaction and needs through using conduct periodic internal marketing research. At the same time, companies should treat their employees as internal customer and meet their needs hence enhancing the employees' loyalty and service delivery.

## **Measure and reward strong service performers**

Milcovich, Newman and Milcovich (2001) take a broad perspective of reward system, arguing that: In addition to treating pay as an expense, a manager also uses it to influence employee behaviors and improve organization performance. The way people are paid affects the quality of their work; their attitude towards customers; their willingness to be flexible or learn new skills or suggest innovations; and even their interest in union or legal action against their employer. Rewarding strong service performers has the potential to influence employees' behavior and subsequently the productivity and effectiveness of the organization (Wilson et al., 2008).

The service employees, who are knowledgeable, understanding, and concerned about the customers' needs, also influence the five dimensions of service quality: reliability, responsiveness, empathy, assurance, and tangibles (Wilson et al., 2008). It is essential to understand and meet what the customer wants and needs with service employees' abilities to deliver. The service employees, who represent the organization in the customers' eyes, can have an impact on image and reputation of the company. When the service employees provide accurate service, the customer's desires can be met; the company gains a positive reputation hence attaining the higher market share and the charge more than its competitors for service (Wilson et al., 2008).

## **2.8. RELATED THEORIES**

### **2.8.1. Exit-Voice Theory**

According to Hirschman (1970), the exit-voice theory explains that the absence of expressing frustrations and discomforts may have implication on the turnover rate. In this theory, which was originally used to explain varieties of customer behavior, he claims that when a person is discontent, he has two possibilities to deal with this feeling. One possibility is expressing his feeling and trying to change the situation, which is called voice. The other possibility is choosing to leave, which is called exit. If the possibilities to use voice are too limited, the employee will choose to leave the firm.

Exit-voice theory enlightens that employee turnover is often caused by dissatisfaction with the way things are running on the work floor. Most of the employees in the organizations are

familiar with the talk during lunch breaks on what they think is going bad in the organization. The problem is that often this information is only shared with peers. This might be as a result of various reasons. They might for instance fear that they will be perceived as a trouble because they are giving their opinion unasked. They might also think that the cost of trying to change the situation is larger than the benefit that they get out of it.

Therefore, organizations should create the right procedures and other mechanisms for the employees to express their feeling and complaints and to feel their opinion being taken seriously, while at the same time decreasing the step to express their dissatisfaction, since they know that the firm wants to hear their complaint. Supervisors interacting with the worker regularly and explicitly might help to take discomfort out of the workers before they decide to exit the firm by asking them about potential discomforts. A study by Spencer (1986) confirms the voice can help reduce the turnover ratio.

### **2.8.2. Job Matching Theory**

Another theory on turnover has been developed by Jovanovic (1979). In his job matching theory, he states that turnover results from new information about the current job match. Before workers start their job, they have imperfect information. Hence they do not know the exact utility it will yield for them. In this theory, if job tenure increases this utility, the worker makes a choice to stay and if a worker sees that a job does not fit their expectations they will leave and search for another job, which might create a better match.

### **2.8.3. Herzberg Two Factor Theory**

Herzberg's (1968) two factor theory of motivation classified job factors into two: motivation factors and the hygiene or maintenance factors. Motivation factors relate directly to the job itself. They are concerned with the job content of the work people perform. Failure to provide sufficient quality will cause job dissatisfaction while sufficient supply will lead to job satisfaction and high performance. These factors include achievement, recognition, responsibility, advancement, growth opportunities and so forth.

On the other hand, Hygiene or Maintenance factors don't give positive satisfaction or lead to higher motivation, though dissatisfaction arises from their absence. Hygiene factors are extrinsic to the work itself and include aspects such as company policies, supervisory practices or

wages/salary. Herzberg considered the following hygiene factors from highest to lowest importance: company policy, supervision, employee's relationship with their boss, work conditions, salary, and relationships with peers (Herzberg, 1968).

#### **2.8.4. Equity Theory**

Equity theory of motivation suggests that people are influenced in their behavior by the relative rewards they either get or are going to receive. The theory is based on the assumption that people are most likely to be motivated by the way they are equitably treated at work. People tend to compare for example the pay they get with what others are paid for the same effort and situation, so that if they are treated unfairly, they will consider themselves as victims of inequity and hence leave (Robbins, 1997).

#### **2.8.5. Resource based view Theory**

The theoretical framework typically underpinning this study is the resource based view (RBV). It is undeniable that the Exit-Voice, Job Matching, Herzberg two factor Theory and Equity theory have also contributed much towards the framework. The Resource based view theory focuses on the analysis of a firm's internal environment; more specifically it explores the value creating potential of internal resources (Boxall & Purcell, 2011). Under this theoretical put up, employees are regarded as important resources whose knowledge, skills and abilities are highly valuable. An assumption made by the Resource Based View is that all human resources are strategically valuable (Boxall & Purcell, 2011). However, in reality not every single employee can inject „core competencies“ into a firm and subsequently create a competitive advantage (Boxall & Purcell, 2011). Boxall & Purcell (2011) proposed that organizations would better invest heavily into developing „star“ employees who hold critical knowledge and skill.

## **2.9. THEORETICAL FRAMEWORK**

Hausknecht, Rodda, Howard (2008) listed twelve major retention factors that have been published in the literature over the last 60 years from 24,829 employees in leisure and hospitality industry of US, which help explain why employees stay or quit. This content model of twelve retention factors has been developed in the context of previous theory and research. The findings

highlighted the importance of differentiating human resource practices when the goal is to retain those employees valued most by the organization.

Dias (2012) developed a retention plan by using effective high-performance work systems (HPWS). A high-performance work system is a strategic approach to many of the things done in HR, including retention. The components of HPWS are stated in different terms but mean the same as those listed by Hausknecht, et. al. (2008). These factors are job satisfaction, organizational commitment, location, non work influences, flexible work arrangement, advancement opportunities, extrinsic rewards, organizational justice, investments, lack of alternatives, organizational prestige and constitution attachments.

This study considers demographic variables: (age, sex, educational background) and from Hausknecht and Dias retention factors: job satisfaction, flexible work arrangement, advancement opportunities, supervision/management and extrinsic rewards are taken. In order to decide on the variables to be considered under this study, the researcher has highly depended on the result of the preliminary survey done within the study organization. The variables applicable in our country context are assumed to be causes of turnover in the organization and those having effects on the organization's service delivery. The dependent variable is service delivery, whereas the independent variable is employee turnover.

This study used demographic variable, other variables influencing job attitude like, advancement opportunities, and job satisfaction are used. From Hausknecht (2008) retention factors the researcher has used variables like: flexible work arrangement, alternative job opportunity and management (supervisor). Based on the overall review of related literature, the researcher developed the following model. The model is modified from above theories.

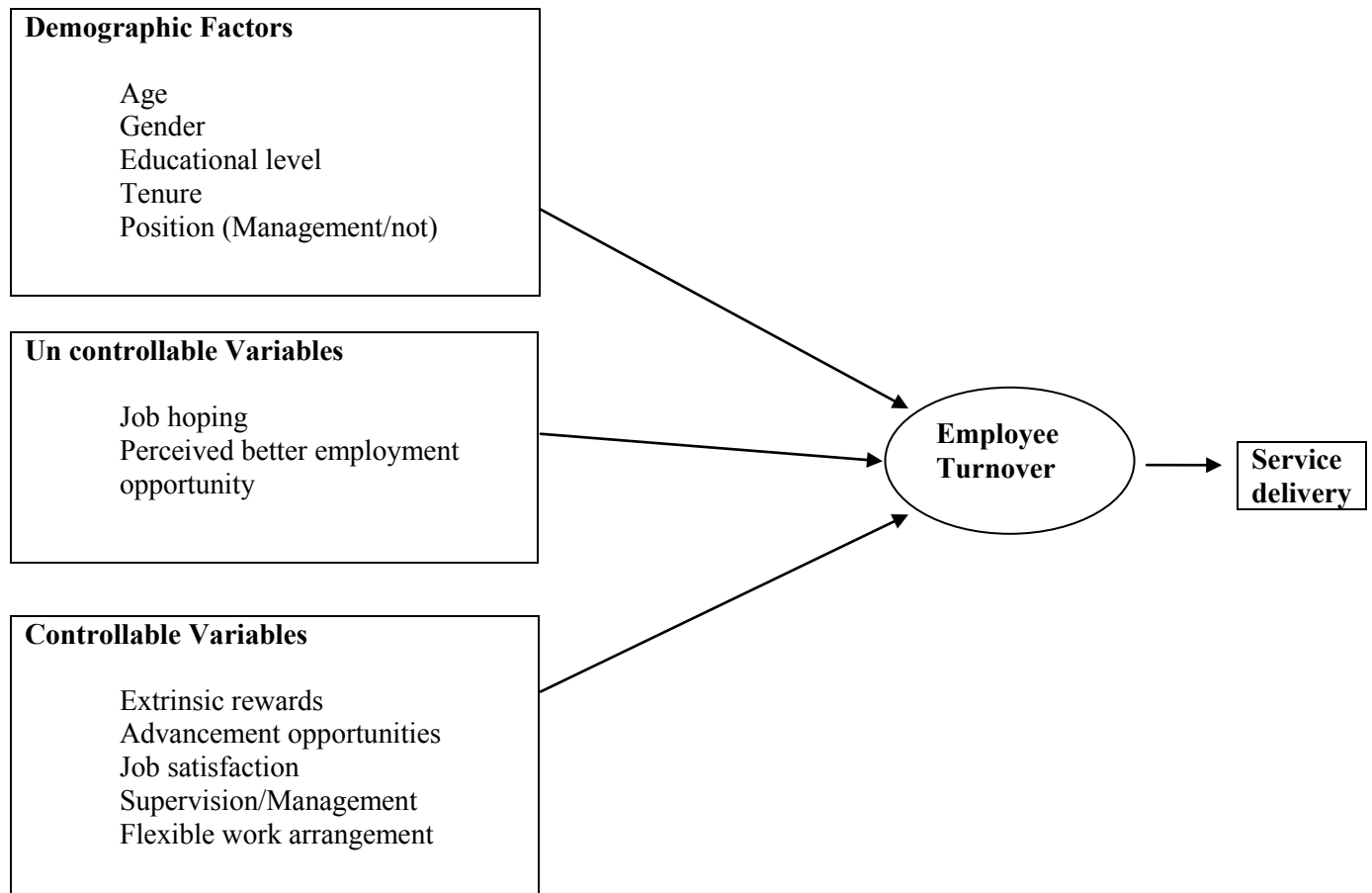


Figure 5: Model of Conceptual Framework  
 Source: Modified from Hausknecht, et. al. (2008).

The model explains the variables addressed while conducting the study. To measure each controllable variable and their influence on service delivery, different measurements are performed.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. RESEARCH DESIGN**

Research design is the general plan of how one goes about answering research question. According to Singh (2006), research design is essentially a statement of the object of the inquiry and the strategies for collecting and analyzing the evidences, and reporting the findings. Blumberg et al, (2008) defined a research design as the scheme, outline or plan that is used to generate answer to research problems. The research design employed in this study is descriptive. Kombo and Tromp (2006) stated that the major purpose of descriptive research is description of state of affairs as it exists. It also enables the researcher to probe and obtain an in-depth understanding of a particular phenomenon with respect to variables and conditions in a situation. Descriptive research portrays an accurate profile of persons, events, or account of characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group (Cooper and Schindler, 2008). The data collection instrument employed in this study is concurrent mixed design which incorporates both qualitative and quantitative approaches. Quantitative and qualitative data are collected at the same time and merged to provide a comprehensive analysis of the problem and interpretation of results (the qualitative addresses the process while the quantitative the outcomes (Creswell, 2009). Adopting a multi-approach in the same study will give us assurance that we can get the most important issue we want (Saunders et al., 2003).

#### **3.2. STUDY SUBJECT/PARTICIPANT AND SAMPLING TECHNIQUE**

According to cooper and Schindler (2008), population is defined as the total collection of elements under study whereby references have to be made. Kombo and Tromp (2006) defined a population as a group of individuals, objects or items from which samples are taken for measurement. According to Cox and Hassard (2005), sampling frame is an objective list of the population from which the researcher can make a selection. The sample frame of this study consists of full time professional employees of Ethiopian Insurance Corporation, and the entire size of population sum up to 755. The population is made up of 223 management and 532 non

management staffs. Non professional employees are considered exceptions, as their turnover contribution to organizational overall performance and service delivery is insignificant.

In a research put up, sampling is defined as the process of selecting respondents for a study in such a way that the respondents selected are a representative of the whole population (Mugenda & Mugenda, 2003). Sampling procedure may be defined as a systematic process of individuals for a study to represent the larger group from which they are selected (Cooper and Schindler, 2008). The whole point of sampling is to make sure that the population is adequately represented since it is impossible to take the entire population because of time and financial factors. This study has utilized multiple methodologies to achieve an optimum representative sample.

Proportionate stratified sampling technique, which is a probability sampling technique, is used for existing employees and convenience sampling, where subjects are selected because of their convenient accessibility and proximity to the researcher, for terminated employees and customers. The sample size is determined using Slovin's formula, which is stated as follows:

$$n = \frac{N}{(1 + Ne^2)}$$

Where;

N = Population size = 755

n = Sample size

e = Level of error = 0.05

Sample size = 261.47 = **261 employees** (Andale, 2012)

After sample size determination, the need for stratification arises to differentiate the views of the management staff from those of non management. According to Cooper, Schindler, & Emory (2000), stratified sampling gives statistical efficiency increase on a sample. Calculation of stratum allocation is done using Kumar (1976) technique:

$$nh = n \times \frac{NH}{N}$$

Where;

nh = stratum allocation

n = sample size

NH = stratum population

N = Overall population

Stratum allocation for management staff;

$$261 \times 223 / 755 = 77.09 = \mathbf{77 \text{ samples}}$$

Stratum allocation for non management staff;

$$261 \times 532 / 755 = 183.91 = \mathbf{184 \text{ samples}}$$

Hence the sample size is 261 comprising 77 management staff and 184 non management staff.

Regarding the interview participants, this study considered 53 customers and 19 terminated employees.

### **3.3. SOURCES OF DATA**

The information sources used in this study include management and non management employees, ex-employees of the corporation and customers. Information was also drawn from published materials, company's human resource database, brochures and reports.

### **3.4. DATA COLLECTION TOOL**

Data collection is the process of gathering and measuring information on variables of interest; in an established systematic manner that enables one to answer stated research questions, test hypotheses, and evaluate the outcomes (Blumberg et al, 2008). Different methodologies have different purposes and functions. The qualitative approach is aimed at searching for opinion on the research questions. Quantitative method focuses on accurately describing the general properties of an enormous number of individual cases. Compared to quantitative approach, qualitative approach is usually much less rigorous to structure than quantitative and,

consequently, the researcher is more likely to obtain unexpected data and miss some details (Blumberg et al., 2005). This study involves survey of documents (Secondary data), structured questionnaires (Primary data) for existing non management employees and interviews (Primary data) with existing management staffs, customers and terminated employees.

#### **3.4.1. Primary Data Collection Tools**

According to Saunders et al., (2009), the two most commonly used primary data collection methods are the questionnaire and the interview. Saunders, et al. (2003), stresses that it is generally good practice not to rely solely on questionnaire data but to use the questionnaire in conjunction with at least one other data collection instrument. The primary data that is used in this research is structured close ended and open ended questionnaire for existing non management employees and interview with existing management staffs, customers and terminated employees. The questionnaire is structured in a 5-point Likert scale format. Blumberg et al, (2005) state that a Likert scale format involves the use of special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief of the statements about a given subject (strongly agree, agree, neutral, disagree and strongly disagree). Likert Scales are used because they minimize subjectivity and make it possible to carry out quantitative analysis (Oppenheim, 2001).

#### **3.4.2. Secondary Data Collection Tools**

According to Collis & Hussey (2007), Secondary data is the data that is already available from other sources and are economical, saves efforts and time that would otherwise be spent in data collection. A clear benefit of using secondary data is that much of the background work needed has already been carried out, for example: literature reviews, case studies, published texts, the internet and accredited journals. Such data are cheaper and more quickly obtainable than the primary data (Sekaran, 2003). This study used secondary sources like published materials, company brochures and reports.

### **3.5. METHOD OF DATA ANALYSIS**

Data analysis involves reducing the collected data to a manageable size, by developing summaries, through the utilization of data analysis techniques (Cooper and Schindler, 2008). The quantitative data collected was cleaned, coded and systematically organized in a manner that

facilitates analysis using the Statistical Package for Social Sciences (SPSS Version 20.00), which offers extensive data handling capabilities and numerous statistical analysis routines that can analyze small and large data. The quantitative data was analyzed using both descriptive and inferential statistics. Descriptive statistics was utilized for measure of central tendency (mean), and measure of dispersion (standard deviation). According to Kumar (2005), the most common method of reporting a descriptive research is by developing frequency distributions, calculating percentage and tabulating them appropriately. On the other hand, inferential statistics was used for correlation and regression. Correlation is used to determine the strength of relationship between variables, as regression was done to determine the level of significance of factors. Multivariate analysis was done to determine the level of significance when the factors are combined. Qualitative data was analyzed by giving explanation of the information obtained from the empirical literature. The results of the data analysis will be presented in form of discussions, tables and percentages to ease comprehension.

### **3.6. ETHICAL ISSUES OF THE STUDY**

When human beings are used as the subject of a research investigation, great care must be exercised in ensuring that neither the rights of the individuals nor the worth of the research is compromised (Long & Johnson, 2007). Therefore, the researcher makes sure that great care is observed during data collection and all the necessary rights disclosed in the following manner.

**Confidentiality-** Preserving the privacy and anonymity of the respondents is one of the prime responsibilities of the research professional (Coldwell & Herbst, 2004). Respondents, therefore, were assured that their responses will be kept confidential and will be solely used for academic purpose.

**Informed consent** – Participants must be informed about objectives of the research including the end results if a need arises (Long & Johnson, 2007). The researcher, thus, disclosed the purpose of the questionnaire, the objective of the study was put in plain words and the respondents were given full right to accept or refuse participating in the research activity.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

#### 4.1. RELIABILITY AND VALIDITY ANALYSIS

Reliability of the questionnaires for this study was evaluated through Cronbach's Alpha. The Cronbach's alpha coefficient (which is an index of reliability associated with the variation accounted for by the true score of the "underlying construct.") test was conducted to measure the internal consistency reliability and the result was .872. The reliability statistics is shown in Table 1 below:

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.872	.811	20

(Source: Survey questionnaire)

The issue of reliability is also assured by sticking to the research results to be concluded only from the gathered data. The random selection of the sample from the target population, using a good representative sample of the target population and the right sample size ensured a high reliability of the study.

The validity of the research instruments were established by following the logic in which the questions were checked and rechecked against the objectives of the study both by the researcher and by asking the support of the advisor. Pre-testing of the data collection instrument was also done to increase the validity of the instrument. The actual questionnaires were distributed incorporating feedbacks from the pilot studies and correcting accordingly.

## 4.2. ANALYSIS AND INTERPRETATION OF DATA GATHERED THROUGH QUESTIONNAIRES AND INTERVIEW

In this section, data collected through questionnaires are analyzed and interpreted. According to Bacon (2014), response rate is defined as the extent to which the final set of questionnaires collected from respondents is calculated against the number of questionnaires received back from respondents in the study. In general, 184 questionnaires were distributed through E-communication platform of the corporation, out of which, 178 were completely responded, leaving the response rate to be 96.7%.

### General characteristics of respondents

This subsection tabulates the demographic characteristics of respondents. Table 2 below depicts the respondent's general characteristics: sex, age, marital status, educational background, years of service in the organization and years of service in current position.

Table 2: General Characteristics of respondents (Non management professional employees)

No.	Item	Measurement	Frequency	Percentage (%)
A1	Age Group	Below 25	-	-
		25-30	62	34.83
		31-35	43	24.16
		36-40	36	20.22
		Above 41	37	20.79
		<b>Total</b>	<b>178</b>	<b>100</b>
A2	Sex	Male	108	60.67
		Female	70	39.33
		<b>Total</b>	<b>178</b>	<b>100</b>
A3	Marital Status	Married	77	43.26
		Single	92	51.69
		Divorced	-	-
		Widowed	9	5.06
		<b>Total</b>	<b>178</b>	<b>100</b>

A4	Academic Standing	Certificate	-	-
		Diploma	-	-
		First Degree	176	98.88
		Master's Degree	2	1.12
		Above	-	-
		<b>Total</b>	<b>178</b>	<b>100</b>
A5	Service years in EIC	Less than a year	-	-
		1-5 years	46	25.84
		6-10 years	96	53.93
		11 years and more	36	20.22
		<b>Total</b>	<b>178</b>	<b>100</b>
A6	Service years on current position	Less than a year	6	3.37
		1-5 years	92	51.69
		6-10 years	36	20.22
		11 years and more	44	24.72
		<b>Total</b>	<b>178</b>	<b>100</b>

(Source: Survey questionnaire)

As shown in table 2-A1, 34.83, 24.16, 20.22 and 20.79 percent of the respondents are in the age category between 25-30, between 31-35, between 36- 40 and above 41 respectively. The majority of respondents (58.99 percent) are below the age of 35. Age is a prime determinant in turnover analysis. An employee can expect to switch up to twelve jobs by the age of 40 (Arthur, 2001). From this data, we can infer that young employees are highly susceptible for quitting.

As indicated in table 2-A2, 108 (60.67%) and 70 (39.33%) of the respondents are male and female respectively. This implies that the majority of the employees are males. Women have less expectation from their work life and thus have greater job satisfaction (Sousa-Poza, 2007). Some articles state female employees turnover are greater than their male counterpart (Abassi *et al.* 2000). Some reports state that males are more akin to leave jobs (Elaine, 1997). A few even reported that there is no correlation between gender and turnover (Miller and Wheeler, 1992). The above table 2-A3 also shows that, 51.69% of the respondents are single and the rest, 43.26% married and 5.06% widowed.

Table 2-A4 portrays that 98.88% of the respondents are first degree holders and 1.12% of them are of master’s academic standing. This indicates that all the respondents are graduates of colleges and universities. A study made by Choi *et al.*, (2012) indicated that educated employees are more likely to switch jobs more often than those who are not educated.

With regard to the item that summarizes tenure of the respondents in the corporation (table 2-A5), 53.93%, 25.84% and 20.22% of the respondents served the organization for 6-10 years, 1-5 years and 11years and more respectively. As it can be seen, the majority of the employees (79.77%) have served the organization for less than 10 years.

In table 2-A6, the summary of the respondent’s current position is shown. 3.37%, 51.69%, 20.22% and 24.72% of the respondents served less than a year, 1-5 years, 6-10 years and 11 years and more in their current positions respectively. 51.69% of the respondents served the organization 1 to 5 years being in a same position. From this we can deduce that the career advancement of employees is not appealing. Of significance to note is the study by griffeth and Hom (2002), which revealed that lack of clear career development opportunity for employees were the most cited reasons for employee turnover and poor service delivery.

### **Views regarding the causes of professional employees’ voluntary turnover**

In the literature review, various potential causes of voluntary turnover were cited. The following presentation and analysis shows the response of respondents on each factor causing professional employees’ voluntary turnover. Descriptive Statistics (Frequency, Percentage, Mean and Standard Deviation) of sample with regard to causes of professionals’ turnover is shown below.

Table 3: Respondents response concerning demographic factors

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B1	As your age increases, your sense of belongingness to the corporation increases.	Strongly disagree	93	52.25	1.48	0.501
		Disagree	85	47.75		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

B2	As your experience increases, your commitment to the organization increases.	Strongly disagree	97	54.49	1.49	0.565
		Disagree	75	42.13		
		Neutral	6	3.37		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

According to table 3-B1, 52.25% of respondents responded “strongly disagree” that the increase in their age increases sense of belongingness to the corporation. 47.75% of the respondents “disagree” that the increase in their age increases sense of belongingness to the corporation. Contrary to the findings of researches, age turned out to be negatively related to sense of belongingness. From this data, we can deduce that increase in age of an employee is not a determinant variable for employees to increase their sense of belongingness to the corporation.

The above table 3-B2 illustrates the respondent’s view with regard to whether an increase in experience increases commitment to the organization or not and the majority of the respondents” (54.49%) “strongly disagree” that their increase in experience increases their commitment to the organization. 42.13% of the respondents “disagree” and the rest 3.37% have no opinion that an increase in experience increases commitment to the organization or not. Based on the response, we can infer that an increase in experience is not a determinant variable for employees to increase commitment to the organization.

Table 4: Respondents response concerning extrinsic rewards

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B3	Salary and other benefits motivated you to stay in the organization	Strongly disagree	94	52.81	1.51	0.575
		Disagree	77	43.26		
		Neutral	7	3.93		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

B4	Attractive working environment motivated you to stay in the organization	Strongly disagree	86	48.31	1.52	0.501
		Disagree	92	51.69		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

In the above table 4-B3, 52.81% of the respondents “strongly disagree” that salary and other benefits are motivators to stay in the organization. Therefore, according to the respondents, salary is not a motivator to stay in the organization. Reward system, if not aligned with career advancement and company’s strategy, will cease to be a motivator for employees (Wilson et al., 2008).

The above table 4-B4 portrays that majority of the respondents (51.69%) disagree that the working environment is a positive influence to stay in the organization. Depending on the data, attractive working environment is not a motivator to stay in the organization. Working environment, however attractive, closes down to stay as a motivator by itself (Dwamoh & Korankye, 2012).

Table 5: Respondents response concerning career advancement

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B5	The organization has provided a clear path for career advancement to all employees	Strongly disagree	32	17.98	1.82	0.385
		Disagree	146	82.02		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

82.02% and 17.98% of the respondents “disagree and strongly disagree respectively, for the item B5 which states that “the organization has provided a clear path for career advancement to all employees”. From this data, we can infer that the organization has not provided a clear path for

career advancement of employees. Choi, et al., (2012) argues that employee satisfaction with career planning and development opportunities are negatively associated with employee turnover. Chen et al., (2010) argues that the strong correlation between career development opportunities and employee turnover are meant to optimize both the effectiveness of employees' career while at the same time enhancing service delivery.

Table 6: Respondents response concerning job satisfaction

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B6	You are satisfied with what you do in the corporation	Strongly disagree	78	43.82	1.63	0.616
		Disagree	87	48.88		
		Neutral	13	7.30		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

The above table 6-B6 revealed that 92.7% of the respondents "disagree" that they are satisfied with what they do in the organization. This data indicates that majority of the employees of the corporation are dissatisfied with what they do in the organization. In a 2012 survey conducted by right management, not having the opportunity to climb the ladder and attain career growth, fosters dissatisfaction on the job.

Table 7: Respondents response concerning job hoping

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B7	You stayed in EIC because you don't have other job opportunity	Strongly disagree	-	-	4.48	0.523
		Disagree	-	-		
		Neutral	2	1.12		
		Agree	89	50		
		Strongly Agree	87	48.88		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

The above table 7-B7 illustrates that the majority of the respondents“ i.e. 98.88% responded that they stayed in EIC because they don’t have other job opportunity. From this data, one can deduce that 98.88% of the respondents stayed in the corporation due to lack of other job opportunity. This clearly implies that if an alternative materializes, they will leave right away. Voluntary turnover could be the result of more appealing job offer. If so, it stays uncontrollable on the employer’s side (Choi *et al.*, 2012).

Table 8: Respondents response concerning supervision/management

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B8	Managers treat employees fairly and you can participate in decision making process of the corporation	Strongly disagree	39	21.91	1.8	0.452
		Disagree	135	75.84		
		Neutral	4	2.25		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		
B9	There is provision of recognition by the management for your efforts and that made you stay in the corporation	Strongly disagree	58	32.58	1.68	0.48
		Disagree	119	66.85		
		Neutral	1	0.56		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

Per the above table 8-B8, 75.84% of the respondents responded that they “disagree” to the item which states that “Managers treat employees fairly and you can participate in decision making process of the corporation”. The obtained data regarding this item drives us to conclude that the corporation’s treatment towards employees is not fair and non participatory. According to Samuel (2010), superb relationship that is developed between management and protégé usually establishes a lasting bond that enables employees to enhance their commitment and service delivery to an organization as the contrary deters commitment and service delivery by pushing employees to leave.

Regarding table 8-B9 which states as “Provision of recognition, by the management, for your efforts made you stay in the corporation”, 66.85% of the respondents “disagree” and 32.58%

strongly disagree. From this data, one can conclude that the provision of recognition for employees' effort is not winning.

Table 9: Respondents response concerning flexible working condition

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
B10	The corporation has arranged flexible working conditions that match your specific needs and is impartial in addressing all employees	Strongly disagree	52	29.21	1.71	0.456
		Disagree	126	70.79		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>		<b>178</b>		

(Source: Survey questionnaire)

Item B10 requests how strongly respondents agree or disagree as to whether the corporation arranged flexible working condition that match their specific needs and its impartiality in addressing the same to all. Accordingly, 70.79% of the respondents responded that they "disagree" and 29.21% of them replied that they "strongly disagree" with the item that states "the corporation has arranged flexible working conditions that match your specific needs and its impartiality in addressing all employees". This data drives one to conclude that there is no flexible working condition arrangement that match employees' specific needs or if there is any, its impartiality in addressing all is doubtful.

Generally, regarding non management respondents view towards the causes of professional employees' voluntary turnover, the respondents agreed that they stayed in EIC because they don't have other job opportunity (mean 4.48 & SD .523), but disagreed to all other items.

An organization's top management team represents a key group of organizational decision maker that help craft strategic initiatives, establish company culture, promulgate goals and objectives throughout the firm, and, in general, has both the responsibility and potential to alter organizational performance. Moreover, it serves as an interface between the organization and its task environment (Carpenter et al. 2004). Thus, organizational and team experience and the resultant tacit knowledge are valuable commodities that are not easily substitutable.

The acting HR Director acknowledged the existence of a significant outflow of professional employees voluntarily but she doesn't consider it serious giving the reason that the corporation recruits new blood whenever necessary. She added that the non management staff turnover, mainly of the youth is somehow higher than the management employees. As per the response of the acting director, exit interview is very uncommon but she disclosed her doubts that professionals might not reveal their real reasons of leaving even if exit interview is done. She added that, some put their reasons in black and white on their letter of resignation. As far as she knows, the frequently raised reasons are transfer issues, career advancement, supervisor and personal issues.

Majority of the management staff respondents reveal that professionals leave and after sometime they will converse with them regarding business issues; being from one of the competing insurance companies. Respondents deem that the seriousness of professionals' turnover shall not be measured by the number of those who left but by the knowledge they take with them. With regard to reasons why professionals leave, the respondents mentioned career development and personal issues as major reasons why people leave.

As stated by ex-employees of the corporation, the human resource section does not know procedures of the corporation's human resource functions. Most of the ex employees' avowed that the directorate does not respond to employees request even with a timely "no". Failure to respond to employee's transfer request, which is triggered by medical problems and obscure procedures of advancement are major problems that brought most of the ex-employees to a halt point.

Putting forward the above major reasons why professionals left, the remaining ex-employees added the reasons to leave as blurred career advancement procedure, better employment opportunities, failure of the corporation to fill vacant positions instantly and supervision issues.

World over, employees hope to grow their professions and achieve distinguished careers over the course of their work life. Employees believe that their career objectives are within their grasp if they could find the right organization to actualize their ambitions (Weigold, et al., 2013).

According to Clarke (2010), the discordant alignment between what employees want and organizational objectives, most often leads to dissatisfaction, and eventually employees' turnover.

### **Views of respondents' regarding the effects of professionals' turnover on service delivery**

The presentation and analysis below shows the respondents' feedback with regard to the effect of professionals' voluntary turnover on service delivery.

Table 10: Respondents response concerning freedom to respond to customer request and sincere interest in solving customers' problems

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C1	Professional employees voluntary turnover leaves remaining employees free to respond to customer requests	Strongly disagree	94	52.81	1.47	0.501
		Disagree	84	47.19		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		
C2	Professional employees voluntary turnover enhance remaining employees sincere interest in solving customers problems	Strongly disagree	47	26.40	1.74	0.442
		Disagree	131	73.60		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

Item C1 requests how strongly respondents agree or disagree as to whether professional employees' voluntary turnover leaves remaining employees free to respond to customer requests.

Accordingly, 52.81% of the respondents responded that they “strongly disagree” and 47.19% of them replied that they “disagree” with the item that states “Professional employees voluntary turnover leaves remaining employees free to respond to customer requests”.

Regarding the item C2 which states as “Professional employees voluntary turnover enhance remaining employees sincere interest in solving customers problems”, 26.40% of the respondents “strongly disagree” and 73.60% disagree. This data clearly drives one to conclude that professional employees” voluntary turnover decreases remaining employees” sincere interest in solving customers” problems. Employees” turnover leaves remaining employees busy to respond to customer’s requests and lessens their sincere interest in solving customer’s problems (Lalitha 2014).

Table 11: Respondents response concerning ability of getting things done right the first time and error records

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C3	Professional employees voluntary turnover increases the corporation’s ability of getting things done right the first time	Strongly disagree	70	39.33	1.61	0.49
		Disagree	108	60.67		
		Neutral	-	-		
		Agree	-	-		
		Strongly Agree	-	-		
		<b>Total</b>	<b>178</b>	<b>100</b>		
C4	Professional employees voluntary turnover increases error records	Strongly disagree	42	23.6	3.17	1.56
		Disagree	33	18.54		
		Neutral	-	-		
		Agree	58	32.58		
		Strongly Agree	45	25.28		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

As per the above table 11-C3, 39.33% of the respondents responded that they “strongly disagree” and 60.67% of them “disagree” to the item which states that “Professional employees” voluntary turnover increases the corporation’s ability of getting things done right the first time”. This data implies that professional employees” voluntary turnover does not increase the corporation’s ability of getting things done right the first time rather it lessens it.

The above table 11-C4 illustrates that the majority of the respondents” i.e. 57.86% responded that professional employee’s voluntary turnover increases error records. From this data, we can deduce that professional employees” voluntary turnover increases error records. According to Josh Bersin of Bersin by Deloitte, employee turnover highly decreases organization’s ability of getting things done right the first time and hence increases error records (Lalitha 2014).

Table 12: Respondents response concerning delivery of prompt and consistent service

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C5	Professional employees voluntary turnover reduces the delivery of prompt and consistent service	Strongly disagree	41	23.03	3.13	1.54
		Disagree	36	20.22		
		Neutral	-	-		
		Agree	60	33.72		
		Strongly Agree	41	23.03		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

33.72% and 23.03% of the respondents” “agree” and “strongly agree” respectively for the item C5 which states that “professional employees” voluntary turnover reduces the delivery of prompt and consistent service”. Hence, we can conclude that professional employees” voluntary turnover reduces the delivery of prompt and consistent service. Josh bersin stresses on the reduced delivery of prompt and consistent service as a major crisis posed by professionals” turnover. (Lalitha 2014).

Table 13: Respondents response concerning willingness to help each other

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C6	Professional employees voluntary turnover reduces remaining employees willingness to help each other	Strongly disagree	33	18.54	3.2	1.52
		Disagree	45	25.28		
		Neutral	-	-		
		Agree	54	30.34		
		Strongly Agree	46	25.84		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

The above table 13-C6 portrays that majority (56.18%) of the respondents“ agree that professional employee“s voluntary turnover reduces remaining employees“ willingness to help each other. With regard to the same item, 25.28% of the respondents “disagree” with the majority. From the majority of the respondents, it can be generalized that professional employee“s voluntary turnover reduces remaining employees“ willingness to help each other. According to Nzimande (2011), one of the major problems that professionals“ turnover pose on remaining employees is reduced willingness to help each other.

Table 14: Respondents response concerning shift of regular customers to other service providers

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C7	Professional employees voluntary turnover increases the shift of regular customers to other service providers	Strongly disagree	30	16.85	3.29	1.564
		Disagree	48	26.97		
		Neutral	-	-		
		Agree	40	22.47		
		Strongly Agree	60	33.71		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

In the above table 14-C7, 33.71% of the respondents“ “strongly agree” and 22.47% “Agree” that professional employees“ voluntary turnover increases the shift of regular customers to other service providers. Based on this response, it can be concluded that professional employees“

voluntary turnover increases the shift of regular customers of the corporation to other service providers. According to Zeithaml & Bitner (2008), the existence of competent service providers has made the shift of customers easy, especially as one performs below standard.

Table 15: Respondents response concerning confidence of remaining employees

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C8	Professional employees voluntary turnover reduces confidence of remaining employees	Strongly disagree	41	23.03	3.05	1.49
		Disagree	35	19.66		
		Neutral	12	6.74		
		Agree	54	30.34		
		Strongly Agree	36	20.23		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

According to table 15-C8, 50.57% of employees believed that professional employees' voluntary turnover reduces confidence of remaining employees. Conversely, 23.03% and 19.66% of the respondents "strongly disagree" and "disagree" with the statement respectively. This data implies that professional employees' voluntary turnover reduces confidence of remaining employees. The resignation of professional employees voluntarily creates gap, which causes understaffing, overburdening remaining staff, decline in confidence of remaining employees and deterioration in quality of service (Nzimande, 2011).

Table 16: Respondents response concerning service delivery of the corporation and customers feeling of the service delivery

No.	Item	Measurement	Frequency	Percentage	Mean	Std. Deviation
C9	Professional employees voluntary turnover affects the overall service delivery of the corporation negatively	Strongly disagree	37	20.79	3.18	1.55
		Disagree	41	23.03		
		Neutral	-	-		
		Agree	53	29.77		
		Strongly Agree	47	26.41		
		<b>Total</b>	<b>178</b>	<b>100</b>		

C10	Customers feel that the service delivery of the corporation is deteriorating	Strongly disagree	42	23.59	3.22	1.634
		Disagree	36	20.23		
		Neutral	-	-		
		Agree	41	23.03		
		Strongly Agree	59	33.15		
		<b>Total</b>	<b>178</b>	<b>100</b>		

(Source: Survey questionnaire)

The above table 16-C9 illustrates the respondent's view with regard to whether professional employees voluntary turnover affects the overall service delivery of the corporation negatively or not and the majority (56.18%) of the respondents agree that professional employees voluntary turnover affects the overall service delivery of the corporation negatively. Based on the data obtained from this item, it can be generalized that professional employees voluntary turnover affects the overall service delivery of the corporation negatively.

Considering item C10 of the above table, majority of the respondents (56.18%) view is that customers feel that the service delivery of the corporation is deteriorating. Data obtained here drives to the conclusion that customer of the corporation feel that the service delivery is deteriorating. In support to the responses of the non management employees towards item C10, majority of the customers approached complain of error records, lack of in depth knowledge, and failure of new employees to consult on variety of cases.

In general, the respondents agreed that professional employees' voluntary turnover increases the shift of regular customers to other service providers (mean 3.29 & SD 1.56), customers feel that the service delivery of the corporation is deteriorating (mean 3.22 & SD 1.63), remaining employees willingness to help each other is reduced (mean 3.20 & SD 1.52), the overall service delivery of the corporation is negatively affected (mean 3.18 & SD 1.55) error records increases (mean 3.17 & SD 1.56), the delivery of prompt and consistent service is reduced (mean 3.13 & SD 1.54) and confidence of remaining employees is reduced (mean 3.05 & SD 1.49).

Respondents have also shown disagreement to the item that professional employees voluntary turnover leaves remaining employees free to respond to customer requests (mean 1.47 & SD .501), remaining employees sincere interest in solving customers problems is enhanced (mean

1.74 & SD .442) and the corporation's ability of getting things done right the first time is increased (mean 1.61 & SD .49).

## **Interview Results**

Management respondents believe that professional employees fly away to competitors. They argue that however large or small the number of leaving employees may be, the loss of knowledge is fundamental area to be taken seriously. Testa (2008) in his research work, noted that turnover rates of skilled professional, however small or large, is not desirable and can pose a risk to organizations due to human capital cost. Testa emphasized that these employees by their skillful ability are likely to be re-employed within the same industry by the competitor.

As per the acting HR Director, the major and direct effect of the professionals leaving the corporation on the performance and service delivery is failure to use expertise and experience gained by a leaving employee, development of unwanted and unripe approaches towards customers by overburdened employees, disruption of the attitude to work and work morale by overstrained employees, which finally develops into shift of customers to other service providers.

The acting director added that quitting professionals cost the organization considerably. On the course of listing the costs, she emphasized the investment cost of developing a single professional is too high. Consequently, losing the investment leaves the corporation with no return in addition to the dissatisfaction it creates on customers. As per the acting director, the corporation also has a severance package payable to leaving employees, which is an expense with no return too.

Almost all approached management staffs expose that the effect of professionals' turnover is multi-faceted. Some even aver that the corporation is drained of well-versed knowledge employees which in turn affect service delivery. Some state that the pioneering corporation is losing its knowledge professionals along with its competitive advantage.

As per the interview responses of the corporations' ex-employees, professionals flee from EIC and join competitors; some even started their own insurance companies. Of course, there is positive influence to the national economy but loss of well-versed employees is disastrous to the

pioneering organization. Majority of the ex-employees believe that shift of regular customers to other service providers is the direct effect of professional employees' voluntary turnover. The indirect effects mentioned are frustration and decline in confidence of remaining staff, increase in error record and hence turnover intention of remaining staff. Some added to the indirect major effect of professionals' turnover as an aggrieved departing staff putting employer at bad light and lure other employees out of the corporation. This additional turnover caused by departing staff can also result difficulty in employing good new employees.

The acting director affirmed that dissatisfaction prevails as customers miss the servant they frequented. She further discussed that there is no precise boundary line determined that would define the harmfulness of turnover for organizations as it varies according to labor markets. Had employee training been a relatively easy and speedy process with minimal costs; it is possible to provide quality services despite a high turnover. In reality, the recruitment process is too costly and the process of finding employees for all vacancies takes weeks. She stated that this fact forced organizations to see employee turnover as problematic. She referred, in particular, to situations when personnel leave to join a direct competitor.

Almost all the management staff respondents agree with one word as to the effect of professionals' voluntary turnover on the corporation's customers; dissatisfaction. Few argue that new blood is positive influence on corporation's customers so long as the path for knowledge transfer from existing staff to new comer is smooth.

Quality customer care service is a significant basis which customers use for differentiating between competing services of different company offering same product and services. Majority of the customers say "no" to the question "Do you encounter the same service giver for a significant period of time? For how long"? Of course, some say "yes" but they stated that the frequency of change of employees couldn't make it easy to estimate for how long they stayed with a single service provider. Conversely, few customers affirm that the service provider they frequented lasted for four to eight years.

Almost all customers blatantly concede that they do not feel comfortable when they miss the servant they frequented. Chrudden (1980) backed up the findings of Testa (2008) by stating that the cost of turnover for competent people is high, since replacement of key employee means that

a new employee must be able to carry out those rules and responsibilities which were formally performed by the professional employees. The learning process, may take 3 to 6 months, depending on replacement's ability to acclimate to new job. During the learning process, error is inevitable. For an outsider, this creates dissatisfaction, and for an insider it may add responsibility on the remaining staff in familiarizing the new entrant to the job.

The acting director suggested that professionals be open in disclosing their problems before deciding to leave. Accordingly, the directorate will try its best to solve problems, if, of course, it is under its capability.

Employees should be heard and even if they do not open up, the human resource management should plead for any discomfort in the corporation, as per majority of the management staffs approached. Consequently, every individual issue should be addressed and if the response is "no", it should be timely, some added.

The sum total of the suggestion of the customers towards improving service delivery commences with employee value. They all underlined that, in the current knowledge economy, employees in an organization are considered the key competitive advantage and the most important asset. If an employee leaves an organization, they take the knowledge they have acquired with them. The loss of knowledge is a potential threat to an organization's existence, especially if a professional leaves to join a competitor. Therefore, the organization shall conquer the hearts and minds of the employees through solving their problems related to the corporation and even paving grounds for their personal problems to be solved.

In the current knowledge economy, employees in an organization are considered the key competitive advantage and the most important asset. If an employee leaves an organization, they take the knowledge they have acquired with them. The loss of knowledge is a potential threat to an organization's existence, especially if an employee with valuable knowledge leaves to join a competitor. Employee turnover is considered to be one of the persisting problems in organizations (Armstrong, 2009; Reiß, 2008). In particular if it involves quality employees who have worked for the organization for many years, high performers and experienced and loyal individuals (Branham, 2005, Katcher, Snyder, 2007). The loss of knowledge thus is a threat for the former organization, which puts knowledge continuity in question mark.

All ex employees emphasize that the corporation should consider employees as the key competitive advantage and the most important asset. They also put forward that loss of knowledge is a serious threat and hence they suggested the introduction of a program for the transfer of knowledge. Some added that the human resource directorate should renew its view towards responding to employees requests the soonest possible. Others underlined the issue of prioritization of individual issues according to their respective weight and having records of all human resource in and outs.

### **4.3. CORRELATION ANALYSIS**

The study findings of the descriptive analysis were subjected to correlation analysis to determine the relationship between causes of professional employees' voluntary turnover and service delivery. The findings are shown in Appendix 5.

The study conducted spearman's rho correlation analysis for all the study variables and noted that there existed a very strong positive correlation between professional employees' voluntary turnover and service delivery.

Appendix 5 indicates a strong significant positive correlation between clear career path advancement of employees and service delivery having a correlation coefficient of 0.470 and a 99% precision level. The correlation was statistically significant since it had a P-Value of 0.000 which was less than 0.01. This clearly indicated that improved career path advancement opportunity to employees increases employees' belongingness leading to improved service delivery. Of significance to note is the study by griffeth and Hom (2002), which revealed that lack of clear career development opportunity for employees were the most cited reasons for employee turnover and poor service delivery. Choi, et al., (2012) argues that employee satisfaction with career planning and development opportunities are negatively associated with employee turnover. Chen et al., (2010) argues that the strong correlation between career development opportunities and employee turnover are meant to optimize both the effectiveness of employees' career while at the same time enhancing service delivery. Organizations that lack a contingency plan in managing their employees' career growth, most often suffer the consequence of employee turnover (Armstrong, 2009). Today, employees are looking for a

career package, including a comfortable company culture, career path, diversity of responsibilities and a work/life balance (Griffiths, 2006).

As per the correlation matrix, appendix 5, there also existed a statistical significant strong and positive correlation between provision of recognition for employees' efforts and service delivery with a correlation coefficient of 0.441 and a significance level of 0.000. This implied that provision of recognition for employees efforts led to improved employee satisfaction leading to enhanced service delivery. In employee-supervisor relationship, it is of necessity that employees' personal strength, uniqueness, and rights to be treated as primary elements are given due consideration to reduce turnover (Ghosh & Sahney, 2010). Consequently, the effective provision of recognition for employees' efforts has a direct correlation with the ultimate employees' job satisfaction, turnover and service delivery (Kuvaas & Dysvik, 2010). It is imperative that as a mentor to employees' under their domain, supervisors should endeavor to make appreciation towards employees' efforts that enhances employees work experience and satisfaction, hence lead to reduced turnover and enhanced service delivery (Armstrong, 2009; Ashar, 2013; Brashear et al., 2008).

Based on appendix 5, the strength of association between fair treatment of employees by the management and participatory decision making and service delivery was statistically significant as it was strong and positive having scored a correlation coefficient of 0.335 with  $P < 0.01$ . This implied that there existed a positive relationship between fair treatment of employees by the management and participatory decision making and service delivery. Various researchers have argued that employees relation with the supervisor notably influence the propensity for employee turnover (Brashear, et al., 2006; Pullins and Fine, 2002). According to Samuel (2010), superb relationship that is developed between management and protégé usually establishes a lasting bond that enables employees to enhance their commitment and service delivery to an organization.

The correlation matrix appendix 5 indicates a strong significant positive correlation between flexible working condition and service delivery, correlation coefficient being 0.166 and P-Value 0.027. This variable met the threshold since it was less than 0.05. The result implied that the more flexible and impartial working arrangement condition the organization applies, the more

enhanced the service delivery will be. According to Levenson, et al., (2006), organizational structures that embrace flexible working condition usually give a sense of progressive service delivery than those that do not. They further argue that for an organization to foster service delivery, they have to ensure that employees are granted with flexible working conditions that match their specific needs. The precept for the argument is built on the premise that satisfied employees are committed employees (Levenson, et al., 2006). Committed employees are loyal to organizations objectives (Grosskopf and Atherman, 2011). Equally, Richard et al., (2009) contends that arrangement to employees" specific needs develops lasting relationship that quenches hostilities between supervisor and employees, or manager and employees, thereby establishing a conducive working environment that reduces turnover and enhances service delivery.

Appendix 5 also indicates a strong negative correlation between employees job hoping and service delivery. Correlation coefficient equals -0.259 with P-Value .000. The result is indicative of the fact that the more a professional looks for other job opportunity, the less the service delivery will be.

The relationship between job satisfaction and service delivery, as shown on appendix 5, was also found to be significant positive with a correlation coefficient of .400 and P-Valve less than 0.01. This implies that satisfied employees deliver more as dissatisfied employees have lesser concern towards the quality of the service delivered.

#### **4.4. REGRESSION ANALYSIS**

Since the findings between the six causes of professional employees voluntary turnover namely: career advancement, job satisfaction, job hoping, fair treatment of the management and participatory decision making, recognition for employees effort and flexible working arrangement and service delivery had a significant correlation, the relationship was subjected to regression analysis to determine the percentage contribution of each variable.

#### **Career advancement and service delivery regression analysis**

Table 17: Career Advancement and Service Delivery Regression  
Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470 <sup>a</sup>	.221	.216	.443

a. Predictors: (Constant), Career Advancement  
(Source: Survey questionnaire)

Table 18: Career Advancement and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.782	.103		7.587	.000
	career advancement	.470	.067	.470	7.063	.000

a. Dependent Variable: Service delivery  
(Source: Survey questionnaire)

Table 19: Career Advancement and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.796	1	9.796	49.883	.000 <sup>b</sup>
	Residual	34.563	176	.196		
	Total	44.360	177			

a. Dependent Variable: Service delivery  
b. Predictors: (Constant), career advancement  
(Source: Survey questionnaire)

Based on the findings shown in the above table 18, the regression coefficient R equals .470; P value = .000. Table 17 shows an adjusted R square of .216, which indicates that 21.6% of variation in service delivery can be explained with variation in career advancement.

## Job satisfaction and service delivery regression analysis

Table 20: Job Satisfaction and Service Delivery Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.129 <sup>a</sup>	.017	.011	1.533

a. Predictors: (Constant), job satisfaction  
(Source: Survey questionnaire)

Table 21: Job Satisfaction and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.606	.327		7.981	.000
	job satisfaction	.324	.187	.129	1.731	.008

a. Dependent Variable: Service Delivery  
(Source: Survey questionnaire)

Table 22: Job Satisfaction and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.042	1	7.042	2.996	.008 <sup>b</sup>
	Residual	413.722	176	2.351		
	Total	420.764	177			

a. Dependent Variable: Service delivery  
b. Predictors: (Constant), job satisfaction  
(Source: Survey questionnaire)

According to the findings in table 21, a positive relation exists between job satisfaction and service delivery with a regression coefficient of .129 and P value less than 0.05. Table 20 also indicated an adjusted R square of .011, meaning that 1.1% of variation in service delivery can be explained with variation in job satisfaction.

## Job hoping and service delivery regression analysis

Table 23: Job Hoping and Service Delivery Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.001 <sup>a</sup>	.000	-.06	1.638

a. Predictors: (Constant), job hoping  
(Source: Survey questionnaire)

Table 24: Job Hoping and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.205	1.062		3.016	.003
	job hoping	.003	.235	.001	.014	.009

a. Dependent Variable: Service Delivery  
(Source: Survey questionnaire)

Table 25: Job Hoping and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	.000	.009 <sup>b</sup>
	Residual	472.455	176	2.684		
	Total	472.455	177			

a. Dependent Variable: Service Delivery  
b. Predictors: (Constant), job hoping  
(Source: Survey questionnaire)

Depending on the findings of the above table 24, a negative relation exists between job hoping and service delivery with a regression coefficient of .001 and P value less than 0.05. Table 23 also indicated an adjusted R square of -.06, meaning that 6% of variation in service delivery can be explained with variation in job hoping.

## Recognition and service delivery regression analysis

Table 26: Recognition and Service Delivery Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.230 <sup>a</sup>	.053	.048	.489

a. Predictors: (Constant), Recognition  
(Source: Survey questionnaire)

Table 27: Recognition and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.147	.110		10.434	.000
	Recognition	.241	.077	.230	3.137	.002

a. Dependent Variable: Service delivery  
(Source: Survey questionnaire)

Table 28: Recognition and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.349	1	2.349	9.840	.002 <sup>b</sup>
	Residual	42.011	176	.239		
	Total	44.360	177			

a. Dependent Variable: Service delivery  
b. Predictors: (Constant), Recognition  
(Source: Survey questionnaire)

Looking into the findings of the above table 27, a positive relation exists between provision of recognition and service delivery with a regression coefficient of .230 and P value less of 0.05. Table 26 indicated an adjusted R square of .048, meaning that 4.8% of variation in service delivery can be explained with variation in recognition.

## Fair and participatory management and service delivery regression analysis

Table 29: Fair and Participatory Management and Service Delivery

### Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.331 <sup>a</sup>	.110	.105	.418

a. Predictors: (Constant), Fair and participatory management  
(Source: Survey questionnaire)

Table 30: Fair and Participatory Management and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.323	.094		14.060	.000
	Fair and participatory management	.269	.058	.331	4.656	.000

a. Dependent Variable: Service delivery  
(Source: Survey questionnaire)

Table 31: Fair and Participatory Management and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.793	1	3.793	21.677	.000 <sup>b</sup>
	Residual	30.797	176	.175		
	Total	34.590	177			

a. Dependent Variable: Service delivery  
b. Predictors: (Constant), Fair and participatory management  
(Source: Survey questionnaire)

Regarding the variable “fair and participatory management”, the above table 29 shows a positive relationship with an adjusted R square of .105. The regression coefficient is .331 and the significance level is less than 0.05. This result is interpreted as a 10.5% variation in service delivery can be explained with variation in fair and participatory management.

## Flexible working condition and service delivery regression analysis

Table 32: Flexible Working Condition and Service Delivery  
Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.166 <sup>a</sup>	.028	.022	.484

a. Predictors: (Constant), flexible working condition  
(Source: Survey questionnaire)

Table 33: Flexible Working Condition and Service Delivery Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.365	.114		11.969	.000
	flexible working condition	.162	.073	.166	2.233	.027

a. Dependent Variable: Service delivery  
(Source: Survey questionnaire)

Table 34: Flexible Working Condition and Service Delivery ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.170	1	1.170	4.985	.027 <sup>b</sup>
	Residual	41.302	176	.235		
	Total	42.472	177			

a. Dependent Variable: Service delivery  
b. Predictors: (Constant), flexible working condition  
(Source: Survey questionnaire)

The above table 32 depicts the percentage contribution of variation in flexible working condition to service delivery. The significance of the relation is below 0.05 and the coefficient of regression is .166. The table also shows an adjusted R square value of .022 which indicates that a 2.2% variation in service delivery can be explained with variation in flexible working condition.

#### 4.5. MULTIVARIATE REGRESSION ANALYSIS

According to the regression analysis, there exists a significant relationship between clear career path (21.6%), fair and participatory management (10.5%), job hoping (6%), provision of recognition (4.8%), flexible working condition (2.2%), job satisfaction (1.1) and service delivery. Therefore, a multiple regression test was to be conducted to determine level of significance when all these variables are combined. However, the major requirement to run a multivariate analysis entails the dependent variable to be measured in an interval or ratio scale. For this reason, a regression analysis was done between all the above listed variables, on one side and one dependent variable at a time, on the other. As a result, the following highest percentage of variation was attained.

Table 35: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544 <sup>a</sup>	.296	.272	.427

a. Predictors: (Constant), career advancement, job hoping, Fair and participatory management, job satisfaction, Recognition, flexible working condition  
(Source: Survey questionnaire)

Table 36: Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.984	.353		2.788	.006
flexible working condition	-.025	.077	.025	-.324	.747
Recognition	.041	.077	.039	.532	.595
1 Fair and participatory management	.175	.070	.190	2.508	.013
job satisfaction	.097	.061	.119	1.598	.112
job hoping	-.131	.073	-.137	-1.795	.044
career advancement	.430	.081	.429	5.328	.000

a. Dependent Variable: Service delivery  
(Source: Survey questionnaire)

According to the finding in table 36 above, a significant relationship exists with only three of the selected six variables, when considering the variables in combination. The regression coefficients of the variables fair and participatory management and career advancement were found to be positive as job hoping turned out to be negative. This implies that the former two variables are positively related to service delivery and the latter one having negative association. Table 35 also shows an adjusted R square of .272, which indicates that 27.2% variation in service delivery, can be explained with variations in the above listed three statistically significant variables all together. Equally important, regression of the above most significantly influencing six variables have also been done with each item of the dependent variable and the least percentage of variation was found to be 5.2% with a P value less than 0.05.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

In the previous chapter, presentation, analysis and interpretation of results was made based on the data obtained through distributed questionnaires to non management employees and an interview conducted with management staff, customers and ex-employees of the corporation. Based on the analysis and interpretation, summary of findings, conclusion and recommendations are presented as follows.

#### **5.1. SUMMARY OF FINDINGS**

Based on the data analysis and interpretation, the major findings are summarized as follows:

Most of the respondents in the organization are found to be young (58.99%), male (60.67%), single (51.69%), first degree holders (98.88%), served the organization for 6-10 years (53.93%) and spent 1-5 years in their last position (51.69%).

All respondents (100%) believe that increase in age does not increase sense of belongingness to the corporation and most respondents (96.62%) deem that increase in experience does not increase their commitment to the corporation.

Most of the respondents (96.07%) disagree that salary is a motivator to stay in the corporation and all respondents believe that attractive working environment is not a motivator to stay in the organization.

Management of the organization is not providing a clear path for employees' career advancement, management's treatment towards employees is unfair and non participatory and provision of recognition for employees' effort is not winning. The corporation does not have flexible working condition arrangement that match employees' specific needs and if there is any, it is partial in addressing all.

Majority of the respondents (92.70%) are not satisfied with what they do in the organization and almost all the respondents (98.88%) stayed in the corporation because they do not have other job opportunity.

All respondents believe that professional employees' voluntary turnover leaves remaining employees busy to respond to customer requests and 56.18% of the respondents reckon that professional employees' voluntary turnover reduces remaining employees' willingness to help each other.

All respondents agree that professional employees' voluntary turnover decreases remaining employees' sincere interest in solving customers' problems and the corporation's ability of getting things done right the first time. 56.75% of the respondents deem that professional employees' voluntary turnover reduces the delivery of prompt and consistent service.

Majority of the respondents (57.86%) agree that professional employees' voluntary turnover increases error records. 56.18% of the respondents believe that professional employees' voluntary turnover increases the shift of regular customers to other service providers and 50.57% of respondents agree that professional employee's voluntary turnover reduces confidence of remaining employees.

56.18% of the respondents strongly agree that professional employees voluntary turnover affects the overall service delivery of the corporation negatively and 56.18% of the respondents deem that customers feel that the service delivery of the corporation is deteriorating.

The major reasons for professionals to leave, as listed by management professionals, are lack of clear path for career advancement, delayed treatment of the human resource directorate towards responding to employees' problems, overburdening existing staff in place of employees left and failure to fill vacant positions instantly, non existence of non monetary recognition.

As per the correlation analysis, the variables significantly affecting service delivery are found to be career development, fair and participatory management, job hoping, recognition, flexible working condition and job satisfaction.

The HR manger affirmed that the direct effect of professional employees“ voluntary turnover on corporation“s service delivery is customer dissatisfaction which finally turns out to shift of customers to other service providers.

The acting HR manager decreed that young non management employees are highly susceptible to voluntary turnover. As per the interview response of the acting HR manager, there is no exit interview when employees leave.

Majority of the interviewed customers complain of error records, lack of in depth knowledge of new employees, and failure to consult on variety of cases and almost all customers interviewed blatantly concede that they do not feel comfortable when they miss the servant they frequented.

The majority of the ex-employees interviewed named unreciprocated requests (mainly transfer requests), lack of clear career path, supervisory issues and better employment opportunity; put in order of frequency.

## **5.2. CONCLUSION**

Professional employees“ voluntary turnover apart from its cost implication can be disastrous, if not controlled. It has its consequences apart from its cost implication of recruiting new staff and hiring replacements. When an organization loses a critical employee, the effects on innovation, consistency in providing service to customers and timely delivery of services to customers may be negatively affected.

Based on the findings of this study, it can be concluded that the major causes of professional employees“ voluntary turnover are lack of clear career path for advancement, dissatisfaction on the job, lack of recognition for efforts, non existence of flexible working condition that matches employees“ specific needs, delayed treatment of the human resource directorate towards responding to employees“ problems , overburdening existing staff in place of employees left and failure to fill vacant positions instantly, unfair treatment of employees by the management and non participatory decision making process and job hoping.

Based on the interview response from the HR manager, the non management professionals are more susceptible to leave voluntarily. Non management employees, of whom the majority is young, also candidly revealed that they stayed in the corporation because they don't have other job opportunity.

According to the responses given towards effects of professional employees voluntary turnover on corporations service delivery, increase in error records, reduced delivery of prompt and consistent service, reduced confidence and willingness of remaining staff to help each other, and increased shift of regular customers to other service providers are listed.

Regarding the magnitude and direction of the effects of professional employees' voluntary turnover on corporation's service delivery, 21.6% variation in service delivery can be explained with variation in career development having similar direction of movement. A 10.5% variation in service delivery can be explained with direct variation in fair and participatory management. A 6% variation in service delivery can be explained with an inverse variation in job hoping. A 4.8% variation in service delivery can be explained with a direct variation in recognition. 2.2% and 1.1% variation in service delivery can be explained with a direct variation in flexible working condition and job satisfaction, respectively. It is also indicated that 27.2% variation in service delivery, can be explained with variations in three statistically significant variables all together, namely; career advancement opportunity, fair and participatory management and job hoping.

Considering the attitudes of higher executives regarding professionals' voluntary turnover, they all are aware of it. As the majority stressed on the remedy to fight against professionals' turnover, some believe that new blood clears dead wood and brings fresh ideas and approaches to the organization.

### **5.3. RECOMMENDATION**

On the basis of the findings derived from the analysis and on the conclusions drawn from the findings, the following recommendations are put forward with the hope that consideration would

reduce the problem identified. The recommendations presented are preventive measures towards minimizing professionals' voluntary turnover and its effects on service delivery.

The bottom line is that the management should try a little harder at pleasing its professional employees so that they feel sense of belongingness and commitment towards the corporation.

Management of the corporation should provide a clear and transparent path for employees' career advancement. This can be done by ensuring a well-structured training and development program that are capable of enhancing employee abilities and skills. Equally, the corporation should invest in developing structures and systems that will help employees plan their careers. This can be done by offering more opportunities for growth through internal promotions, or job rotations and capacity enhancement trainings.

The management of the corporation should treat employees fairly and impartially. In the not-so-distant past, loyal employees were the norm rather than the exception. The world and business along with it has changed though, and now employees look out more for themselves as employers no longer promise a lifetime career. It is true that before employees feel loyal to the employer, they have to make sure that the employer can be trusted for fairness and impartiality.

The management should keep a participatory decision making process whereby every employee airs ideas and share each other's opinion. Participative management style creates sense of belongingness in the company and instills a sense of pride and motivates employees to increase in productivity or service delivery.

Management should give recognition for employees' efforts. There is absolutely no one in the world who doesn't like being rewarded and recognized for the efforts s/he made. The same holds true for employees. Employee recognition, even a pat on the back or a word of praise in front of the team can go a long way boosting the morale of employees.

The corporation should have flexible working condition arrangement that match employees' specific needs and should address all employees impartially with this regard. Alternate working arrangement to meet employees' personal and family need increases ability of the organization to attract and retain professionals, increases employees job satisfaction and ability to handle stress.

The management should provide training to the line managers for an effective supervision before appointing or upgrading them.

The corporation should provide rotation of jobs with pleasant working environment so that employees don't get tired and bored of routines.

The management should offer re-trainings to the existing managers who have a poor record at keeping their staff happily since the stronger the feeling of discontent in one's job, the more likely one is to begin a search for an alternative job.

The corporation should devise transparent ways of grievance and conflict handling procedures and even dissatisfaction at individual level.

The corporation should introduce a structured programme for the transfer of critical knowledge from experienced professionals to potential replacements. Transfer of knowledge is an extremely important topic that employers need to deal with. It is evident that not all knowledge may be collected and transferred, but that is not the goal. The goal is to transfer solely the critical knowledge related to the work position that would, in case it is lost, endanger the operation and service delivery of the organization Knowledge transfer is also an important part of the succession planning process; it is how employees get much of the information and skills they need to move into key positions.

The corporation should work towards enhancing its service delivery by making sure that the service mission is well understood by those directly and indirectly involved in it; by instilling a service culture.

Service improvement programme should be in place so that the corporation gathers an initial view of the service delivery status and find out what should be done at which point of the delivery process.

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# APPENDIXES

## APPENDIX -1

**Addis Ababa University**

**School of Commerce**

**MA Program**

Questionnaire:

Filled by non management employees of Ethiopian Insurance Corporation (EIC)

Dear respondents:-

This questionnaire is designed for collecting general data for a research entitled “the effects of professional employees” voluntary turnover on service delivery (the case of Ethiopian Insurance Corporation)”. The objective of the study being to examine the actual causes behind professionals” voluntary turnover and its effects on the service delivery of the corporation and to suggest possible counter attacks to fight against and retain professionals.

I kindly ask for your precious time to fill the questionnaire to the best of your knowledge. Kindly complete all sections of the questionnaire to enable me complete the study. I would like to affirm that the information you provide will be used solely for academic purpose and held confidential.

Thank you for your cooperation!!!

### **Instruction:**

- ❖ No need of writing your name
- ❖ Tick one box only

### **A. General Background of Respondents (Demographic Information)**

#### **A1- Your age Group**

Below 25  25 - 30  31 - 35  36 - 40  Above 41

#### **A2- Sex**

Male  Female

#### **A3- Marital Status**

Married  Single  Divorced  Widowed

**A4- Academic Standing**

Certificate  Diploma  First Degree  Master's Degree  Above

**A5- Number of years served in EIC**

Less than a year  1-5 years  6-10 years  11 years and more

**A6- Years of service on your current position**

Less than a year  1-5 years  6-10 years  11 years and more

**B. Questions regarding the factors affecting professional employees voluntary turnover**

- ❖ Choose from the options given below and put a tick mark
- ❖ Keys to response options:

1= Strongly disagree, 2= Disagree, 3= No opinion, 4= Agree, 5= Strongly agree

No	Factors affecting professional employees voluntary turnover	Response options				
		5	4	3	2	1
	<b>Demographic factors</b>					
B1	As your age increases, your sense of belongingness to the corporation increases.					
B2	As your experience increases, your commitment to the organization increases.					

<b>Extrinsic rewards</b>						
B3	Salary and other benefits motivated you to stay in the organization					
B4	Attractive working environment motivated you to stay in the organization					

<b>Advancement opportunity</b>						
B5	The organization has provided a clear path for career advancement to all employees					

<b>Job satisfaction</b>						
B6	You are satisfied with what you do in the corporation					

<b>Better employment opportunity</b>						
B7	You stayed in EIC because you don't have other job opportunity					

<b>Supervision/ management</b>						
B8	Managers treat employees fairly and you can participate in decision making process of the corporation					
B9	Provision of recognition, by the management, for your efforts made you stay in the corporation					

<b>Flexible work arrangement</b>						
B10	The corporation has arranged flexible working conditions that match your specific needs and is impartial in addressing all employees					

**C. Questions regarding the effects of professional employees' voluntary turnover on service delivery**

- ❖ Choose from the options given below and put a tick mark
- ❖ Keys to response options:

1= Strongly disagree, 2= Disagree, 3= No opinion, 4= Agree, 5= Strongly agree

No	Effects of professional employees' voluntary turnover on service delivery	Response options				
		5	4	3	2	1
C1	Professional employees voluntary turnover leaves remaining employees free to respond to customer requests					
C2	Professional employees voluntary turnover enhance remaining employees sincere interest in solving					

	customers problems					
C3	Professional employees voluntary turnover increases the corporation's ability of getting things done right the first time					
C4	Professional employees voluntary turnover increases error records					
C5	Professional employees voluntary turnover reduces the delivery of prompt and consistent service					
C6	Professional employees voluntary turnover reduces remaining employees willingness to help each other					
C7	Professional employees voluntary turnover increases the shift of regular customers to other service providers					
C8	Professional employees voluntary turnover reduces confidence of remaining employees					
C9	Professional employees voluntary turnover affects the overall service delivery of the corporation negatively					
C10	Customers feel that the service delivery of the corporation is deteriorating					

Source: Researcher

**Thank you very much for taking your time to fill in the questionnaire and to take part in this research.**

## **APPENDIX -2**

**Addis Ababa University**

**School of Commerce**

**MA Program**

Interview Questions:

This interview guide is designed for collecting relevant data, from the corporation's management staff, to examine the actual causes behind professionals' voluntary turnover and its effects on the service delivery of the corporation and to suggest possible counter attacks to fight against and retain professionals.

### **D. Open-ended question guide for HR manager**

**D1.** Do you believe that there is a serious professional employee's voluntary turnover in the organization?

**D2.** Which positions are highly susceptible for turnover?

**D3.** Does the company make exit interview, as employees leave? If yes, what are the major reasons behind turnover? If no, what is your thought about the reasons why professional employees leave voluntarily?

**D4.** What are the direct and indirect effects of professional employee voluntary turnover on the corporations' overall performance and service delivery?

**D5.** What is your view with regard to the effect of professional employees' voluntary turnover on the corporation's customers?

**D6.** What mechanisms do you suggest to reduce professional employee voluntary turnover?

### **E. Open-ended question guide for management staff other than HR manager**

**E1.** Do you believe that there is a serious professional employee's voluntary turnover in the organization? If yes, what do you think are the reasons for employees to leave?

**E2.** What is the effect of professional employee voluntary turnover on the corporations' overall performance and service delivery?

**E3.** What is your view with regard to the effect of professional employees' voluntary turnover on the corporation's customers?

E4. What mechanisms do you suggest to provide best service (with regards to retention of professional employees?)

**Thank you very much!!**

## **APPENDIX -3**

**Addis Ababa University**

**School of Commerce**

**MA Program**

Interview Questions:

This interview guide is designed for collecting relevant data, from the corporation's customers, to examine the actual effects of professionals' voluntary turnover on the service delivery of the corporation.

### **F. Interview guide for customers**

**F1.** Do you encounter the same service giver for a significant period of time? For how long?

**F2.** What problems do you face with new servants?

**F3.** Does it bother you much when you miss the servant you frequented?

**F4.** What mechanisms do you suggest to provide best service (with regards to professional employees turnover)?

**Thank you very much!!**

## **APPENDIX -4**

**Addis Ababa University**

**School of Commerce**

**MA Program**

Interview Questions:

This interview guide is designed for collecting relevant data, from the corporation's ex-employees, to examine the actual causes of professionals' turnover and their effects on the service delivery of the corporation.

### **G. Interview guide for ex-employees**

**G1.** What are your reasons to leave EIC?

**G2.** What is your view with regard to the direct and indirect effects of professionals' turnover on service delivery of the organization?

**G3.** What mechanisms do you suggest to provide best service (with regards to retention of professional employees)?

**Thank you very much!!**





	N	178	178	178	178	178	178	178	178	178	178	178	178	178							
14	Correlation Coefficient	.117	-.115	-.034	.090	.198*	.088	-.053	-.132	.067	.026	-.134	.006	-.041	1.000						
	Sig. (2-tailed)	.121	.126	.656	.234	.008	.240	.482	.079	.372	.731	.074	.935	.589							
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178						
15	Correlation Coefficient	.158	.110	-.143	0.155	.163*	.272**	-.021	-.144	.104	-.077	-.084	.076	-.060	0.078	1.000					
	Sig. (2-tailed)	.128	.144	.058	.078	.030	.000	.784	.056	.169	.306	.265	.311	.429	.234						
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178					
16	Correlation Coefficient	.214	.232	-.0151	.077	-.137	.025	-.075	-.167*	.092	-.033	-.147	-.017	-.103	0.082	0.087	1.000				
	Sig. (2-tailed)	.641	.518	.064	.310	.069	.744	.317	.026	.224	.663	.050	.820	.172	.224	.125					
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178				
17	Correlation Coefficient	.126	.123	-.0162	-.016	.208**	.092	-.005	.173*	.007	-.077	-.0197	-.117	-.087	.083	.082	.086	1.000			
	Sig. (2-tailed)	.093	.102	.060	.835	.005	.221	.949	.021	.930	.307	.008	.121	.248	.146	.378	.447				
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178		
18	Correlation Coefficient	.071	.139	-.132	0.152	-.061	.002	-.050	.260**	.236**	-.065	-.008	-.053	-.047	.197	-.117	.087	.212	1.000		
	Sig. (2-tailed)	.344	.064	.078	.073	.416	.974	.507	.000	.002	.390	.911	.484	.534	.321	.481	.912	.528			
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178		
19	Correlation Coefficient	.178	.216	-.082	.141	-.129	-.025	-.259**	.105	.153*	-.070	-.103	-.014	-.048	.061	.260	.236	.221	.153	1.000	
	Sig. (2-tailed)	.067	.738	.277	.061	.087	.736	.000	.162	.041	.350	.171	.853	.521	.416	.507	.641	.344	.835		
	N	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	
20	Correlation Coefficient	.025	.016	-.128	-.045	-.237**	.149	-.177*	.046	.117	-.012	-.123	-.141	-.069	.123	.121	.149	.451	.161	.251	1.000
	Sig. (2-tailed)	.742	.837	.088	.554	.001	.047	.006	.540	.121	.870	.101	.061	.363	.554	.514	.534	.541	.141	.837	



## DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than Addis Ababa University, School of Commerce for academic credit.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Helina Getachew (0704/06)

This project has been presented for examination with my approval as the appointed advisor.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

WoldeEmmanuel Walombo(Ph.D)