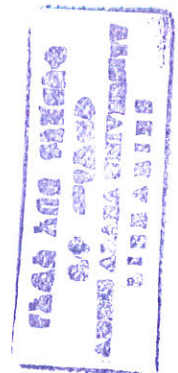


ANALYSIS OF FACTORS AFFECTING TURNOVER INTENTION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)

BY
ALAMREW KORE

ADVISOR
WORKU MEKONNEN (DR.),
ASSISTANT PROFESSOR

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
POSTGRADUATE SCHOOL
MBA PROGRA



ADDIS ABABA
July, 2008

ANALYSIS OF FACTORS AFFECTING TURNOVER INTENTION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)

**PROJECT SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF
ADDIS ABABA UNIVERSITY IN PARTIAL REQUIREMENT THE DEGREE OF
MASTERS IN BUSINESS ADMINISTRATION (MBA)**

**BY
ALAMREW KORE**

**ADVISOR
WORKU MEKONNEN (DR.),
ASSISTANT PROFESSOR**

**ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
POSTGRADUATE SCHOOL
MBA PROGRAM**



**ADDIS ABABA
July, 2008**

DECLARATION

Statement of declaration

This is to certify that, Ato Alamrew kore has carried out his project on the topic "ANALYSIS OF FACTORS AFFECTING TURNOVER INTENTION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)" under my supervision. In my opinion this work, qualifies for submission in partial fulfillment of the requirement for the award of Degree of Masters of Business Administration

Signature and Date: _____

Dr. Worku Mekonnen

Project Advisor

I declare that, this project work is my original work. It has not been submitted for any degree or diploma in any university. I have undertaken it independently with the advice and suggestion of my advisor for the project, Dr. Worku Mekonnen. In carrying out of this project work I have used different sources and materials which I have been appropriately acknowledged.

Signature and date: _____

Alamrew Kore Terfa

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
POSTGRADUATE SCHOOL
MBA PROGRA

***ANALYSIS OF FACTORS AFFECTING TURNOVER INTENTION:
THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)***

SUBMITTED BY: ALAMREW KORE

Approved By the Board of Examiners:

Worku Melkonnen (PHD)

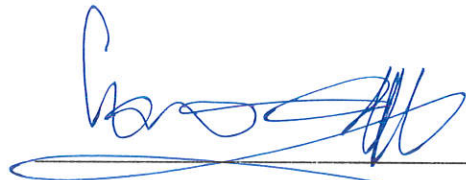
Advisor



Signature

Dr. G. K. Muzay

Examiner



Signature 21/07/18

Examiner

Signature



Acknowledgements

First of all my thanks go to the Almighty GOD for letting me to go through this study and life.

Then my appreciation extends to my advisor Dr. Worku Mekonnen, for his un reserved academic advise to conduct the research, going through and commenting on every aspects of the ideas in the work, encouraging and motivating at every stage of the work and for his warmly welcomed approach to complete this research.

I would also like to thank the employees of Commercial Bank of Ethiopia, especially Human Resource Information System Manager, Ato Ephrem and his colleagues who have offered the necessary data and helped me to conduct this research in smoother manner.

Finally I am indebted to all my family members and friends, who have been with me in whole of my study offering psychological assistance and family environment. Especial thanks would be for my wife Meskerem Mitiku, for her continuous assistances and moral support in the whole duration of the study time-thanks my love!

Table of Content

<i>Title</i>	<i>Page</i>
<i>Acknowledgements</i>	<i>i</i>
<i>Table of contents</i>	<i>ii</i>
<i>List of tables , List of Figures and Abbreviations</i>	<i>iii</i>
<i>Abstract</i>	<i>vi</i>
CHAPTER ONE	
INTRODUCTION	1
<i>1.1 Background of the Study</i>	<i>1</i>
<i>1.2. Statement of the Problem</i>	<i>3</i>
<i>1.3. Objective of the Study</i>	<i>4</i>
<i>1.4. Significance of the Study</i>	<i>4</i>
<i>1.5. Limitation and Delimitation of the Study</i>	<i>5</i>
<i>1.6. The Description of Dependent and Independent Variables</i>	<i>6</i>
<i>1.7. Hypotheses of the Study</i>	<i>7</i>
<i>1.8. Methodology</i>	<i>9</i>
<i>1.9. Organization of the study</i>	<i>13</i>
CHAPTER TWO	14
RELATED LITERATURE REVIEW	14
<i>2.1. The Turnover Intention as a Predictor of Turnover</i>	<i>14</i>
<i>2.2. Definition of Turnover and Turnover Intention</i>	<i>16</i>
<i>2.3. Factors that affect Employee Turnover Intention</i>	<i>16</i>
<i>2.3.1. Job Related Factors</i>	<i>17</i>



<i>2.3.2. Perceived Alternative Employment Opportunity (PAEO)-</i>	<i>25</i>
<i>2.3.3. Organizational commitment</i>	<i>26</i>
<i>2.4. Costs of employee turnover</i>	<i>31</i>
<i>2.5. Managing/ minimize employee turnover</i>	<i>33</i>
CHAPTER THREE	<i>36</i>
ORGANIZATIONAL BACKGROUND OF COMMERCIAL BANK OF ETHIOPIA (CBE)	<i>36</i>
<i>3.1 Historical Background of CBE</i>	<i>36</i>
<i>3.2. Vision, Mission, and Core Values of CBE</i>	<i>37</i>
<i>3.3. Organizational Set up and Major Services Offered by CBE</i>	<i>38</i>
<i>3.4. Trends of Turnover For the Year (2003to 2007)</i>	<i>38</i>
<i>3.5. Human Resource Management Practice of CBE Regarding Employee Turnover</i>	<i>39</i>
CHAPTER FOUR	<i>40</i>
RESULTS AND DISCUSSIONS	<i>40</i>
<i>4.1 Results of Statistical Analysis</i>	<i>40</i>
<i>4.1.1. Demographic Characteristics of the Respondents</i>	<i>40</i>
<i>4.1.2. Results of Descriptive Statistics</i>	<i>43</i>
<i>4.1.3. Results of Correlation Analysis</i>	<i>44</i>
<i>4.1.4. Results of Regression Analysis</i>	<i>46</i>
<i>4. 2. Discussion</i>	<i>51</i>
<i>4.2.1. Job Satisfaction Factors</i>	<i>52</i>
<i>4.2.2. Perceived Available Employment Opportunity</i>	<i>53</i>
<i>4.2.3. Organizational Commitment</i>	<i>54</i>

<i>CHAPTER FIVE</i>	<i>56</i>
<i>CONCLUSIONS AND RECOMMENDATIONS</i>	<i>56</i>
<i>5.1. Conclusions</i>	<i>56</i>
<i>5.2 Recommendations</i>	<i>57</i>
<i>Bibliography</i>	
<i>Appendices</i>	



List of Figures

<i>Figure1: Research Framework.....</i>	<i>10</i>
--	------------------

List of Tables

Table 3.1 Turnover rate of CBE	38
Table 4.1: Demographic Variables (sex, age, education level and service years).....	40
Table 4.2. Demographic Factors (income level, marital status and employment category).....	42
Table 4.3 Descriptive Statistics of Main Variables.....	43
Table 4.4 Correlation Matrix among Main Variables.....	45
Table 4.5 R-square and adjusted R-square.....	47
Table4.6. ANOVA	47
Table4.7. Coefficients of regression.....	47
Table4.8. Revised R-square and adjusted R-square Summary.....	49
Table4.9. Revised ANOVA.....	49
Table4.10. Revised Regression Coefficients	50

Abbreviations

CBE- Commercial Bank of Ethiopia

Abstract

The theme of the study is to identify and analyze the determinant factors that affect voluntary employee turnover intention in the case of Commercial Bank of Ethiopia (CBE).

Three basic factors: job related factors (nature of the job, supervision, coworkers, financial rewards, promotion opportunities, autonomy and physical working condition), perceived alternative employment opportunity and organizational commitment were the most independent variables considered in affecting employee turnover intention.

Questionnaires which consists questions that request information from respondents regarding the independent variables and dependent variable were designed and distributed to the sampled employees. The study is based on primary data which were collected from a sample of 185 currently existing employees working at head office and twelve branches in Addis Ababa of CBE.

The selection of existing employees was based on simple random sampling. To measure the operations of responses from the respondents and to assess the effect of independent variables three statistical tools: correlation analysis, t-test and multiple regression analysis were carried out.

The results of these statistical analyses show that three factors are the most significant in explaining turnover intention in CBE. These variables are: organizational commitment, perceived available employment opportunity and financial rewards. Their impact is in the respective order they are listed. Finally, based on findings; conclusions and recommendations were made.

CHAPTER ONE

INTRODUCTION



1.1. Background of the Study

All organizations should give due considerations to their critical resource, that is human resources (employees). They need to retain employees as much as possible within the organization. This is because; employees are primary (basic component of the organization) as the efficient utilization of other resources is possible through skillful, knowledgeable and experienced employees.

The longer employees live with in the organization, the more skill and experience they gain about their job and organization and hence become more productive and useful to their organization. Regardless of these facts, employees are continuously leaving their organizations from time to time (turnover). Many authors have defined the term in different words but in the same context. The general definition of employee turnover is the permanent separation of employees from organizations. There are different reasons for which employees leave organizations. It could be voluntary, in which employees leave organization based on their personal interest or factors such as nature of the job, supervision, relation with their coworkers, etc. On the other hand they may leave because of factors beyond their interest-involuntary turnover. Some of factors that cause involuntary turnover are; death, layoff, dismissal, retirement, and so on. Because voluntary turnover is more controllable; most of the studies are conducted on voluntary turnover.

The concept of turnover is becoming a growing concern for practitioners (managers) and researchers alike; because of its scaling cost and detrimental impact on productivity (Lucas et al 1987). Costs that are associated with quit of employees are; the estimated cost of recruiting, training and managing new employees; the opportunity costs of lost productivity and profitability of ex-employees. Therefore employee turnover does have a substantial impact on the performances of organizations. Hence, it seems that identifying those factors that cause employee turnover is crucial for best human resource management practice.

Most literature in the study of turnover used turnover intention to predict actual turnover Khatri et al (2001). Ovalle and Steel (1981), in their deep review and meta-analysis of intention-turnover study have clearly indicated that there is strong relation ship between turnover intention behavior and actual turnover. And at the same time, they have shown that turnover intention is the most predictor of turnover. Other studies also supported this finding; Alexander et al (1998), for nursing employees, actual employee turnover is a direct function of intention to quit. In some other findings, intent to stay was used to predict actual turnover (price and Mueller, 1981).

Many studies have been conducted on identifying factors affecting employee turnover intention. For instance the study conducted by Alexander et al (1998) has identified nine job dimension factors; Koh and Goh (1995) also have tried to identify demographic and job related factors that can affect employee turnover intention. Because voluntary employee

turnover is under the control of the employees themselves and can be controlled by designing more conducive human resource management policies and practices; the aim of this study is to identify factors that affect voluntary employee turnover intention taking case of Commercial Bank of Ethiopia (CBE).

1. 2. Statement of the Problem/Research Question

This study mainly concentrates on analyzing those factors that can cause employee turnover intention in the case of Commercial Bank of Ethiopia (CBE).

When the pattern of employee turnover for the last five years analyzed (2003 to 2007); the actual turnover rate is 5.37%* (2003), 3.98 % (2004), 3.45 % (2005), 3.13 % (2006) and 4.83% (2007) (source bank's document). This evidence implies that, even though the turnover rate is decreasing from 2003 to 2006, however it has been increasing in the year 2007.

Therefore, it needs special emphasis to identify the causes of such problem. Based on this fact, this study focused on analyzing factors that affect turnover intention and develop turnover intention model for the case organization under consideration.

*Employee Turnover = $\frac{\text{Number of employees voluntarily left organization per year}}{\text{Average Total Number of employees per Year}}$ (Heneman et al 1996)

1.3. Objectives of the Study

It is indicated that cost associated with employee turnover is so substantial that affect organization's performance. Therefore, it is important for organizations to determine the rate of turnover and the critical forces that can cause employee turnover intention, which is the direct predictor of actual turnover in order to overcome such problems.

The main objectives of this study are:

- 1) To identify factors that affect employee turnover intention in Commercial Bank of Ethiopia,
- 2) To measure the extent of the influence each variables has on turnover intention and prioritizing these factors in to most influencing and the least influencing order, and
- 3) To recommend the possible solutions in order to tackle these most critical factors.

1.4. Significance of the Study

The findings derived from the study are expected to be significant as:

- First, the knowledge of factors affecting turnover intention can help the case organization to manage employee turnover and human resources better.
- The organization will have the opportunity to focus on critical factors within their control in order to minimize turnover or create an environment which is conducive to employees to retain them.



- It also helps the organization to develop remedial actions to reduce the out flow of good performers and minimize any adverse effect that may be faced.
- Finally it will add at least minimal contribution to the existing literature on employee turnover intention and will invite other researcher to further conduct research regarding the concerned topic in Ethiopian organization context.

1.5. Limitation and Delimitation of the Study

1.5.1. Delimitation

There are different factors that may challenge the findings of this research. The factors that are identified and are assumed to affect employee turnover intention may not be the only ones. This is because other factors as demographic factors, economic condition, human resource policies and practices of the organization, geographical location of the organization and so on may affect employee turnover intention. And also the professional differences among employees may contribute to employee turnover intention. However, the scope of this study is delimited to analysis of factors as job related factors, perceived employment opportunity and organizational commitment.

1.5.2. Limitations

The focus of the study is to identify and analyze detrimental factors that affect voluntary employee turnover intention. There can be many factors that may affect the turnover of

employees as stated above. However, this study is limited to only factors regarding job related factors, perceived available employment opportunity and organizational commitment. Furthermore, the problem of voluntary turnover is faced by almost all organization irrespective of their nature and size. Regardless of these, the study is confined to the CBE. The main reasons for these are the limited time allotted to carry out the research, the financial budget available and research facilities accessible for researcher and so on.

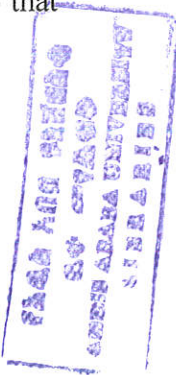
1.6. The Description of Dependent and Independent Variables (Operational Definitions of the variables)

In summary the description of the basic variables (dependent and independent variables) that are investigated in this research are summarized as follows:

I. Independent variables

A. Job related factors

1. *Nature of the job/kind of work (Natj.)* - satisfaction with content and nature of the job
2. *Supervision (super)* - satisfaction with supervision or supervisor
3. *Pay and other Financial Benefits (finrew)* - satisfaction with pay and other monetary rewards
4. *Coworkers (cowrk)* - satisfaction with coworkers or peers.
5. *Promotion opportunity (promop)* - satisfaction with opportunities for upward mobility in the organization
6. *Autonomy (auto)*: - freedom of action in the organization.



7. *Physical working condition (phywc)* -satisfactory with physical work environment

B. Perceived Available Employment Opportunity (paeo) - availability of alternative jobs outside the organization.

C. Organizational commitment (orgcom) - the strength of an individual's identification with and involvement in a particular organization

II. Dependent Variable

Turnover intention:-the intention to leave an organization

1.7. Hypotheses of the Study

Based on the dependent and independent variables identified in the review of related literature, the following hypotheses are formulated:

Hypothesis 1(H_1): The more satisfied with the content and nature of the current job, the less will the employee intends to leave their organization. Employees prefer those jobs that require reasonable skill variety and less repetitive and they will be satisfied with such types of jobs.

Hypothesis 2(H_2): Pay and other financial rewards are negatively related to employee turnover. When employees are satisfied with pay and other financial benefits, in their organization they will prefer to stay with their current organization-less turnover.

Hypothesis 3(H_3): If employees receive psychological support, assistance and friend ship from their supervisors they will not leave the organization.

Hypothesis 4(H_4): The more opportunity for future promotion, in the organization the less will be the employee turnover.



Hypothesis 5(H_5): If there is conducive working condition, then employees will have less intention to leave the organization.

Hypothesis 6(H_6): If employees are free in making decisions regarding their jobs (including planning their job and controlling their activities), they will have less propensity of quitting.

Hypothesis 7(H_7): There is negative relation between relation with coworker (peer) and turnover. If customers are psychologically satisfied with their coworker, then they will not prefer intending to quit their organization.

Hypothesis 8(H_8): There is positive relation ship between Perceived alternative employment opportunity and turnover intention. If employees perceive that there are available alternative jobs in the external environment, they will prefer to quit, maximizing these opportunities in the external markets.

Hypothesis9 (H_9): The more employees are committed to an organization the less they will intend to quit that organization. Hence there is inverse relation ship between organizational commitment and turnover intention.

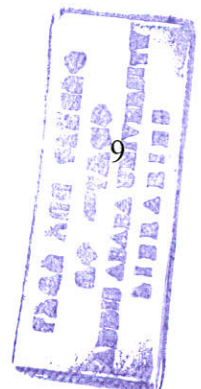
1.8. Methodology

In order to examine factors that affect turnover intention, the following research methodologies were employed in the study.

1.8.1 Research framework

In the literature of turnover, there are so many turnover models that have identified several determinants of turnover intentions. For example, the study conduct on non-managerial clerical employees by Koh and Goh, (1995) has identified sixteen demographic and job related factors. On the other hand the study by Price and Mueller (1981) has identified thirteen factors that can affect employee turnover. However, this study focuses on three major determinant factors of employee turnover intention: job-related factors (nature of the job, nature of supervision, relationship with coworkers, promotional opportunity, pay and other financial benefits, working conditions, autonomy), perceived alternative employment opportunity and organizational commitment. These independent variables have been observed in previous studies to be significant determinants of turnover intention and have been the most commonly studied factors (Koh and Goh 1995).

The dependent variable of the study is employee turnover intention. This is because as it is indicated in the review of related literature; actual turnover is directly explained by turnover intention.



The research framework is depicted as follows

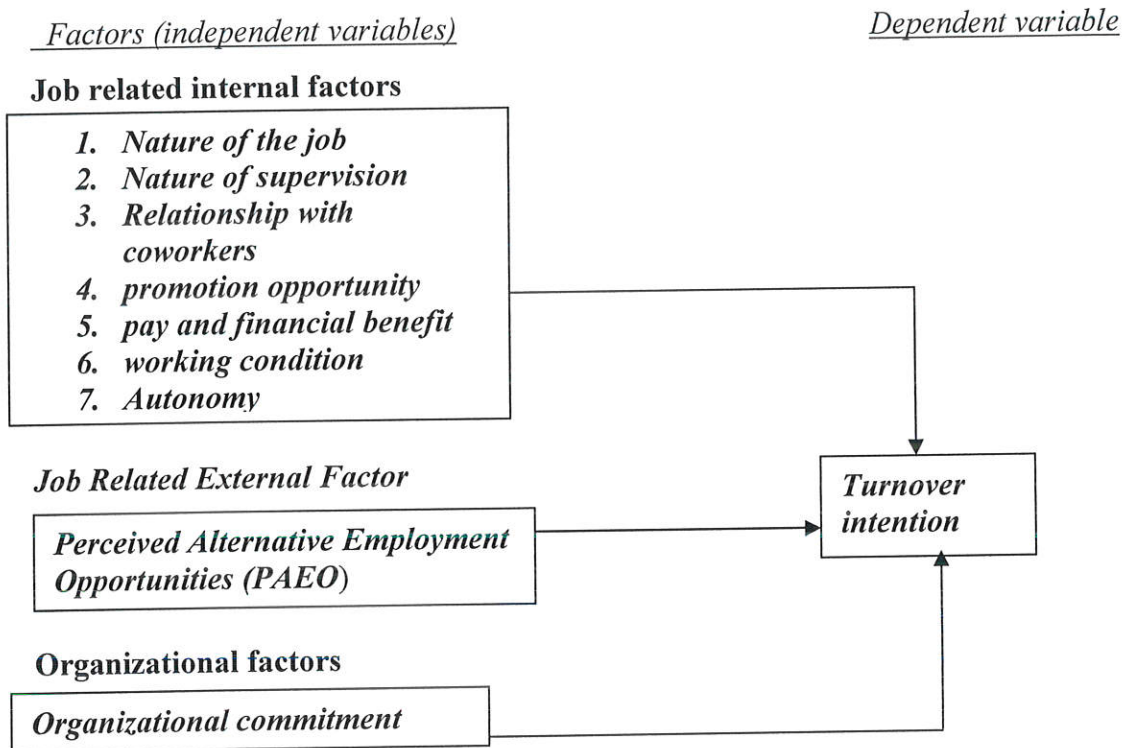


Figure1: research frame wok

1.8.2 Survey Questionnaire

The survey questionnaire methodology was used to collect the necessary data from the concerned respondents for the study purpose. The questionnaire consists of two basic parts: (1) the first part was designed to request demographic information such as age, education, tenure, number of service years, employment category, marital status and the branch in which employees are currently working; and the second part consist of questions which helps to collect job related information as; nature of the job, nature of supervision, relationship with coworkers, promotional opportunity, pay and other financial benefits, working conditions,

autonomy; perceived available employment opportunities; and organizational commitment . Finally questions that are use to measure turnover intention were developed and distributed to respondents. The questions that are assumed to measure job related (satisfaction) variables were adopted from Minnesota Satisfaction measurement questionnaire and to measure turnover intention measurement were taken from Khatri et al (2001) with some modification (change) to the current case organization condition (Koh and Goh 1995, and Lucas et al 1987).

Each job related items were scaled on 5- point satisfied – dissatisfied continuum, with each point representing an alternative. For example, to measure the working condition, questions like “the pleasantness” (1 = very dissatisfied, 5 = very satisfied) and instruments that used in measuring perceived available employment opportunities, organizational commitment and turnover intention were scaled on 5-Likert scale base on agree-disagree continuum (1=strongly disagree to 5= strongly agree).

1.8.3 Sample selection

The focus of the study is to analyze factors that affect voluntary turnover intention in the case of CBE. This population is an interesting for such issues. This is because CBE is one of the public service rendering organization in which the experience of employees plays a greater role in satisfying customer needs. And also the turnover rate in the organization is increasing in the year2006 to 2007 (3.13% (2006) to 4.83% (2007). Therefore assessing factors that cause

such employee turnover is a necessary requirement for the organization. Given the population of interest (total number of employees = 8,000 for the year 2008 of first quarter); 200 sample employees were drawn from head office and twelve branches found in Addis Ababa based on convenience sampling. Respondents are selected in each branch randomly. And questionnaires were personally distributed to randomly selected respondents. From these 200 samples, 185 were returned; hence response rate is 92.5%. These data were used to measure the turnover intention of currently existing employees.

1.8.4. Statistical Methods

Descriptive statistics (mean, standard deviation and frequency distributions) were used in the study to examine the demographic profile of the respondents and to summarize their responses on job related variables, perceived available employment opportunities, organizational commitment and turnover intention. Correlation analysis was used to see whether turnover intention is significantly associated with independent variables (job related factors, perceived available employment opportunities, organizational commitment). Furthermore, t- test was used to test whether the intercepts (slopes) of the independent variables are at least as large as the observed values of these slopes; which measures the existence of significant cause-effect relation ship between dependent and independent variables. Here, the number of dependent and independent variables are assumed as sample size to test this significance level (Norusis 1988: 111 and Koh and Goh 1995: 346). Stepwise linear regression analysis was explored to



assess the effect of independent variables on turnover collectively and simultaneously. Finally, ANOVA test was exploited to check the goodness of fit of the regression model developed.

1.9. Organization of the Study

The study basically has five main parts. The first part dealt with the introduction in which the general background of the study, question or problem of the study, objectives, hypotheses, delimitation and limitation and methodology were presented precisely. The second chapter has revised the related literature regarding the voluntary employee turnover intention. In the third part the general background of the organization, its services and human resource management strategies used by the bank is summarized. Data presentation, analysis and interpretation have been discussed in section four. Finally, summary, conclusion, recommendation and implications for the concerned managers and researchers have been presented in the fifth chapter.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1. The Turnover Intention as a Predictor of Turnover

Many studies on employee turnover intention have been conducted and reported by different scholars.

Most of the turnover literature deals with the consequences causes and correlates of employee turnover (Koh and Goh, 1995).

The basic ground of this literature review is that employee turnover intention is the basic dependent variable. There are different independent variables that affect this dependent variable. These independent variables are identified and classified by different researches during different time horizon. For example, Ongori (2007) has identified factors as organizational factor; organizational stability, quantitative approach in management, organizational communication system, participation in decision making, personnel managements and policies. Behavioral intentions have an expanding role in the field of turnover research. They are becoming increasingly indispensable to empirical and theoretical work linking turnover behavior to psychological antecedent, (Steel and Ovalle, 1984: 673).

Many studies have indicated that actual turnover is the result of intention to leave. Morrele et al (2001) have indicated that instances of turnover are the results of decisions to leave. These decisions are often characterized as momentous, representing a defining point in a person's

career and life history. The evolutionary dimension of these decision, that is to say the extent to which it makes sense so think of the decision to leave as being the end part of a process has encouraged research from organizational theorists because of apparent opportunity it provides to identify determinants or precipitator of turnover, thus offering potential to predict and perhaps then control employee turnover.

The study of Mobley et al (1979) the intention to quit was demonstrated to have the only direct effect on turnover. And at the same time, they have shown that other variables affect turnover through the moderator variable intention to quit.

The core root reason to use turnover intention as predictor of actual turnover is that, theory of attitude Fishbein and Ajzen's (1975: p. 369), "the predictor of an individuals behavior will be measure of his intention to perform the behavior". Furthermore, psychological models of the decision making process preceding employee turnover have made extensive use of behavioral intentions as explanatory constructs. Steel and Ovalle (1984: 602) the foremost in their research domain have consistently depicted a casual order of decision process stages that progresses from affective variables (feelings) through intention to stages or quit that culminates in turnover behavior.

Alexander et al., (1998: 421) satisfaction with professional growth opportunities, autonomy, and work load and role clarity were significant predictors of intention to quit which in turn, was a significant predictor of turnover.



2.2. Definition of Turnover and Turnover Intention

Different writers have defined the term turnover in different words but in the same content; for instance Glover (2001), defined turnover is the general term used to describe the churning that occur in the labor market. In other words, employee “turnover” refers to the movement in and out of an organization by the work force. In addition, Heneman et al. (1996) defined turnover as the permanent separation of employees from a given organization.

Turnover can be voluntary or involuntary depending on the forces that separate employee from the organization. The turnover that occurs due to illness, death, retirement, layoff dismissal and other factors out side employee’s control is involuntary turnover. However, voluntary turnover refers to termination initiated by employees. Voluntary turnover is often thought to be influenced by human resource policies and practices (Heneman et al, 1996). This is the main reason why most of researches have conducted on voluntary turnover.

Turnover intention refers to the intention of an employee looking for alternative work in other places and has not been implemented in actual behavior (Narimawati, 2007, p.552)

2.3. Factors that affect Employee Turnover Intention

There are many literatures written on factor that affect employee turnover. Some of the writes have indicated the impact of different factors on employee turnover through the intervening variable called intention to turnover (intention to quit, intention to leave) (Alexander et al



1998 and Koh and Goh, 1995). However, others have identified different factors that directly cause employee turnover. Lucas et al (1987) have identified factors as: supervisory condition, intrinsic job satisfaction, extrinsic job satisfaction, and employee characteristics (age, education and turnover).

Most literatures have classified factors that affect employee turnover as job related factors (koh and Goh, 1995), perceived available employment opportunities and organizational commitment. These three factors are clearly discussed in the next section. According to Williams and Hazer (1986: 230) turnover model which exclude either job satisfaction or commitment can not be taken as complete turnover model.

2.3.1 Job Related Factors

These are different variables assumed to affect the general level of employee job satisfaction. This in turn affects employee turnover intention (Price and Mueller, 1981).

2.3.1.1. The concepts of job satisfaction

Like any feelings of satisfaction, job satisfaction is an emotional affective response. Affective refers to feelings of like or dislike. Therefore, job satisfaction in the extent to which a person derives pleasure from a job (Muchinsky, 1989: 6) unlike morale, which is a group response, job satisfaction is strictly an individual response it was initially thought that people could have an overall feeling of liking for a job ranging from very low to very high. This was called global job satisfaction. Later it was discovered that, many factors contribute to how a person feels

about a job. People can have different feelings about their coworkers and their pay and both contribute to overall feelings about their jobs. Thus, two people could feel the same level of global job satisfaction but for different reason one might be very pleased with his/her coworker but unhappy with his/her pay. This would result in “moderate” global job satisfaction a second person might be moderately pleased with both his/her coworker and his/her pay and thus also have a moderate level of satisfaction.

Psychologists and organizational behaviorists began to realize that people can feel differently about various aspects of job. And at the same time, it is also necessary to measure how people feel about various aspects of job. A job is not an entity but a complex interrelationship of tasks, roles, responsibilities, interactions incentives and rewards. Therefore, a thorough understanding of job attitudes requires that the job be analyzed in terms of its constituent elements.

As far as the facets of job are concerned, there is no specified fixed number that holds for all jobs. Jobs differ and certain facets are more prevalent in some than in others. Some facets are common to all; others are job specific each of their facets, in one or another way contribute to job satisfaction which further affect turnover intention. Muchnisky (1989) has identified some of these job facets: the nature of the work, pay, promotion, opportunity, reward system, coworkers, tenure of supervision etc

2.3.1.2. Theories of job satisfaction

Several theories have been proposed to explain why people are satisfied with their jobs.

In general there are four theories regarding job satisfaction

a) Intrapersonal comparison process

This theory is based on the assumption that the degree of affect experienced by a person results from some comparison between the individual's standard and the individual's perception of the extent to which the standard is met. Degree of satisfaction is the difference between the standard and what is actually received from the job. Intrapersonal comparison theories compare what a person wants (the standard) with what he/she receives the smaller the difference the greater the feeling of satisfaction these theories are called intrapersonal because the comparisons occur with in each individual.

b) Interpersonal comparison processes

This theory states that people compare themselves to others in assessing their own feelings job satisfaction. Rather than being intrapersonal comparisons are made with in a social system that is interpersonally. An individual observes others in similar jobs and infer how satisfied they are. The person compares himself/herself with other people and then drives feeling of satisfaction based on how they feel about their jobs.

c) Opponent-process theory

This theory believes that the causal basis of satisfaction in physiological involving the central nervous system. An individual's satisfaction will change overtime even if the job remains constants.

Opponents-process refers to opposing processes for dealing with emotion. For instances, if a person is very happy, there is a physiological response that opposes this emotional state and attempts to bring the person back of a neutral level. Extreme emotion (positive and negative) is seen as damaging to individuals. Psychological mechanisms are designed to protect a person from these extreme states. According to this theory, the reason people differ in job satisfaction is that they differ in terms of the stage of their protective psychological functions.

d) Two-factor theory

This theory is also called Herzberg's two factor theory. According to this theory there are two general classes of work variables:

1) satisfiers-content factor that result in satisfaction

When a job provide a lot of content factor i.e., sense of recognition achievement, advancements and responsibility etc the employee will feel satisfied at work. When these factors are absent from the job the employee will not be dissatisfied but will feel neutral or indifferent.

2) Dissatisfiers – context factor producing dissatisfaction

When a job provides a lot of context factor such as good salary, pleasant working condition, supervision, company policy an employee will not feel satisfied but will feel neutral or indifferent toward the job. When these factors are absent from the job, the employee will feel dissatisfiers. Hence, with satisfiers a high degree of reward will result in satisfaction and a low degree of reward (recognition) will result in difference. Similarly, with dissatisfies high level of salary will result in indifference and a low level of salary will result in indifference and a

low level of salary result in dissatisfaction. This two-factor theory was proposed by Herzberg, but these theories were failed to be replicated (Muchinsky, 1989: 403).

Based on these general concepts of job satisfaction let us see the basic empirical studies that have assessed how job related factors affect employee turnover intention. Many studies conceptualize turnover to be a psychological response and rest on the belief that turnover is an individual choice of behavior. At the individual level, satisfaction with one's job is the most frequently studied psychological variable in satisfaction turnover relationship (Lum et al, 1998: 308). Riley (2006) also justified that job satisfaction (job related factors) directly affect intent to quit. Other studies as by Michael and Spector (1982) explicitly shown that job satisfaction directly predict turnover intention. However, these researchers and others have not shown specific job related variables that cause employee turnover intention. There are many other individuals who have identified different facets of job satisfaction (job related factors) that affect turnover intention. Some of these variables are discussed below:

Most of literatures on turnover have tried to find many job related factors that can affect employee turnover. For example, Alexander et al (1998) have identified nine dimensions of job satisfaction that may affect intention to leave and employee actual turnover and Koh and Goh (1995) have identified eleven job related factors that may affect employee turnover intention (the following factors that are assumed to significantly affect employee turnover are identified and discussed in line with the findings of different researchers.

a. Nature of the job /kind of the work- this refers to the variety of job and its content.

Employees tend to prefer jobs that give them opportunities to use their skills and abilities and offer variety of tasks, freedom and feedback on how well they are doing (Robbins 1996).

As far as nature of job is consented, different studies have found almost similar findings:

Price and Miller (1981) have tried to show the impact of nature of job through routinization (the degree which the job is repetitive); as routine job negatively affect intent to stay, which further negatively affect turnover. Therefore, according to their study, the nature of job affects turnover indirectly. koh and Goh (1995) also have showed that, Kind of work significantly affect turnover intention of employees which believed to affect actual employee turnover. However, the study of (Lucas et al, 1987) indicates that the hypothesis that there is relation ship between intrinsic job satisfaction (which consists of nature of job) and employee turnover has received minimal support.

There is also study which supports this finding. The study is Singapore context by Kahtri et al (2001) has indicated that, satisfaction with nature of job, was found to be non-significant predictor of turnover intention. Therefore, there is no common understanding as to whether nature of the job affects turnover intention or not.

b. Nature of supervision- this variable measures satisfaction with supervision or supervisor (Koh and Goh 1995).It involves employee's assessment of respect, mutual trust, psychological support, assistance and friendness shown by supervisor (Lucas et al. 1987). The nature of relation ship of employees with their supervisor is one of the factors, which have been given due consideration by researchers. The studies of Lucas et al (1981) has indicated

that the effect of satisfaction with nature of supervision on turnover is do not appear to be significant. According to Robbins et al (1996), the behavior of one's boss is a major determinant of satisfaction. Employee satisfaction is increased when the immediate supervisor understands and friendly, offers praise for good performance, listens to employees opinions, and shows a personal interest in them.

Tesfaye (2004:56) has indicated that perception of cordial relationship with immediate supervisor increase the likely hood of remaining, and lack of these favorable interpersonal relation foster thinking to quit.

c. Relation with coworkers: satisfaction with coworker or peers.

People get more out of work than money or tangible achievements, for most of employees; work also fills the need for social interaction. Not surprisingly, therefore having friendly and supportive coworkers leads to increased job satisfaction (Robbins, 1986). The finding of Alexander et al (1998) has shown that, satisfaction with coworker's relation has strong direct effect on actual turnover. However, the evidence from the study of koh and Goh (1995) doesn't agree with that of Alexander and other study. They found that the effect of satisfaction with coworkers on turnover does not appear to be significant.

d. Financial Rewards: - refers to satisfaction with pay and other monetary rewards. In the study of Price and Mueller (1981), the two most widely supported determinants in the literature probably are opportunity and pay; yet when both determinants are estimated in a comprehensive causal model (turnover model), opportunity is almost four times as important as pay. They indicated that the little effect of pay on turnover is too small. The research of

Lucas et al (1987) supported these findings. In this study, the effect of extrinsic job satisfaction (which consists of pay as one basic variable) has minimal impact on employee turnover. These two findings, however, are not supported by the study of Koh and Goh (1995), which has shown financial rewards significantly, affects turnover intention which directly affect employee turnover. In contrast, the study of Alexander et al (1998), supports that the impact of satisfaction with pay on intention to quit and turnover found to be negligible. Here also, inconsistencies among findings of works of different researchers are observed.

e. Promotion opportunity- is the amount of potential movement from lower to higher strata within an organization. In other word, it is satisfaction with opportunities for upward mobility in the organization (Koh and Goh 1995).

Findings regarding this variable are also not uniform. Some have indicated that it has significant impact and others have shown it has minimal impact on turnover. For instance, Price and Mueller (1981) in their study have shown that promotion opportunity is found to have too small direct total effect on turnover, but indirectly affect turnover through job satisfaction. It means that the more promising opportunity the more job satisfaction, the less will be turnover. This is supplemented by the study of Lucas et al (1987), which came with the evidence that the impact of future personal growth on turnover is too small. However, the studies of (Koh and Goh 1995, and Alexander et al 1998) have indicated that promotional opportunity in the future is the significant predictor of intention to quit, which in turn was the significant predictor of turnover.

f. *Autonomy*: - refers to the degree of power that an individual exercises decision making concerning his or her job (Lucas et al, 1987)

According Price and Mueller (1981), like that of promotional opportunity, autonomy also have indirect impact on employee turnover. This is also supported by the findings of koh and Goh (1995) which came with, job autonomy do not appear to affect turnover intention. In other studies, however, autonomy is found to be the significant predictors of turnover intention (Alexander et al, 1998).

g. *Physical working condition*: - employees are concerned with their work environment for both personal comfort and facilitating doing a good job. They prefer physical surroundings that are not dangerous or uncomfortable. Temperature, light, noise, and other environmental factors should not be at either extreme -for example having too much heat, too little light. Additionally, most employees prefer working relatively close to home, in clean and relatively modern facilities and with adequate tools and equipment (Robbins et al 1996). Some studies have shown that the impact of working conduction on turnover is not significant (Lucas et al, 1987). This is supported by the study of koh and Goh (1995).

Other studies indicate that, working condition significant predictor of turnover intention and turnover (Alexander et al 1998).

2.3.2. *Perceived Alternative Employment Opportunity (PAEO)-External Job Related Factors*-this refers to the availability of alternative jobs in the organization's environment Price and Mueller (1981). According to these individuals, PAEO is not affecting



turnover intention, rather it directly affected actual turnover. However the findings of Iverson and Buttigieg (2001), has shown that there is strong relation ship between PAEO and turnover intention.

2.3.3. Organizational commitment

Organizational commitment is defined in terms of the strength of an individuals identification with and involvement in a particular organization. Such commitment can generally be characterized by at least three factors:

- a. Strong belief in and acceptance of the organizations goals and values;
- b. a willingness to exert considerable effort on behalf of the organization
- c. a definite desire to maintain organizational membership this theory leads to the conclusion that those individuals who are highly committed to an organization, goal and willing to devote a great deal of energy towards those ends would be inclined to remain with the organization in an effort to assist the realization of such highly valued objective (Porter et al; 1974: 604).

Organization commitment has both antecedent and consequences.

The feeling of commitment to an organization are preceded by feelings of organizational identification and generalized values of loyalty and duty, organizational commitment can be influenced by both personal predisposition (which means companies can select people who will be more committed and organizational intervention. Meaning companies can do things to make their employees more committed. Many empirical studies indicate that values of having



committed employees are; more adaptable, has fewer turnovers, less tardiness, and more job satisfaction (Muchinsky, 1989: 384).

Organizational commitment is also defined as “an orientation toward the organization which links or attaches the identity of the person to the organization for the process by which the goals of the organization and those of the individual become increasingly integrated or congruent (Steers and Porter, 1983: 442). There are generally, two categories of commitment (1) commitment which refers to behavior, and (2) commitment which refers to attitude.

1) Commitment as a behavior i.e., a person is “committed” if he/she is bound by past actions or if he/she has ‘sunk costs’ in the organization that are difficult or impossible to retrieve. Hence, we would say that employees were committed to an organization if they had worked for 20 years or so and would lose many benefits by going to work else where.

2) Commitment as an attitude- here commitment is seen as a state in which an individual identifies with a particular organization and its goal and wishes to maintain membership in order to facilitate those goals.

Commitment as an attitude differs from the more frequently studied attitude of job satisfaction in several ways. (i) Commitment as a construct is more global reflecting a general affective response to the organization as a whole. Job satisfaction on the other hand reflect one’s response either to one’s specific job or to certain aspects of one’s job (ii) commitment would be expected to be more stable over time than job satisfaction. This means commitment

attitudes develop slowly but consistently overtime as individuals come to think about the relationship between themselves and their employer. Satisfaction on the other hand, is more transitory in nature, reflecting more immediate reactions to specific and tangible aspect of the work environment (such as financial pay, supervisory style).

Consequences of organizational commitment

According to Steers and Porter (1983), there are four outcomes of organizational commitment; job performance, tenure with organization, employee absenteeism, and turnover.

- a) Commitment and job performance- in contemporary theories of employee motivation performance is influenced by several factors, including motivation level, role clarity and ability. Attitudes like commitment would only be expected to influence one aspect of actual job performance. Commitment influences the amount of effort an employee puts forth on the job and this effort would certainly influence actual performance.
- b) Commitment and tenure: in the studies of Steers and Porters (1983) highly significant positive correlations have been found between increased tenure and increased commitment.
- c) Commitment and employee absenteeism – conceptually highly committed employees would be more motivated to attend. So they could help facilitate organizational goal attainment.
- d) Commitment and employee turnover- For the purpose of this study, focus will be given on organizational commitment and turnover. Theories suggest that in general highly committed employees would be more likely to exert higher levels of effort on the job, to

possibly have some what higher performance levels, to have longer tenure, and to have some what higher attendance record. Highly committed employees by definition are believed to remain with the organization and work towards organizational goals and less likely to leave.

As defined before, organizational commitment refers to the degree to which employees believe and accept organization goals and desire to remain with organization.

To measure organizational commitment, three types of commitment are identified (Narimawat, 2007: 551) affective commitment, continuance commitment and normative commitment.

- a) Affective commitment – refers to the emotional attachment, identification with and involvement with in an organization.
- b) The continuance commitment- is based on the underlying cost related with employees work termination
- c) The normative commitment relates to keep the membership in the organization

The past studies were used these as base to measure organizational commitment (Riley, 2006: 18) however, there are only few studies on the three types of commitment. Most of the investigation were made on affective and continuance commitment, and few have given due emphasis on normative commitment (Riley 2006).

In the study of Iverson and Buttigieg (1998) affective and normative commitment are associated with positive organizational outcomes (lower turnover intentions and absenteeism). Some other investigation as regarding organizational commitment and turnover intention, has tried to see the impact of organizational commitment, in general.. Such studies by Lum et al (1998) have shown that, organizational commitment was shown as mediating of variable between other variables like job satisfaction and turnover intention.

There are also sum local studies that had given consideration for organization commitment, (Tesfaye, 2004: 56).

In general, many studies have evidenced that job related factors and organizational commitment were the main two variable affecting intentions to leave (Porter et al., 1974). In this study, organizational commitment was found to be more predictor of turnover than job satisfaction factor. In the words of Narimawati (2007: 556), influence of work satisfaction and organizational commitment towards turnover intention is significant and negative. This means that the work satisfaction and organization commitment are main factors influencing turnover intention of employees. In order to reduce turnover intention (Riley 2006) human resource manager, need to foster job satisfaction and effective commitment.

Finally, findings on the similar variable affecting employee turnover (or turnover intention) are found to be inconsistent. The potential reasons for this may be:

- 1) The difference in nature of target population on which the studies have been conducted. For example, Price and Mueller (1981), has conducted their study on nurses, Lucas et al (1987) used salespersons in the insurance company as their population.
- 2) The nature of study itself: some studies that are used in the literature review are longitudinal (Lucas et al 1987 and Alexander et al 1998). And others are cross-sectional (Koh and Goh 1995).
- 3) The statistical tools for analysis are different: Koh and Goh (1995) have used tools as correlation analysis, t-test and multiple regressions; on the other hand Price and Mueller (1981) have used correlation analysis, multiple regression and pathway and so on.

2.4. Costs of employee turnover

Turnover can be positive and negative to individual employees, organizations and communities (Riley, 2006). For organizations, turnover may be functional where the employees' departure produce a benefit for the organization in such cases, as when employees who are poor performers are encouraged to leave, employees that are more productive can be replaced (employed in their place); or dysfunctional (negative consequence) where the departing employee is some one the organization would like to retain (Cascio: 1986: 546). These consequences can be estimated either in the form of tangible cost or intangible cost (indirect cost).

Components of tangible turnover costs: according to Cascio (1986), there are about four types of costs.

1. Separation costs: this can be explained in the form of

- a) exit interview including the cost of interviewer's time and the cost of terminating time
- b) Administrative function related to termination, for example, removal of the employee from payroll, turn in company equipment.
- c) separation pay if applicable

2. Replacement cost – cost elements for this includes:

- a) Vacancy- communicating job availability
- b) pre-employment administrative functions- accepting applications, checking references, experiences, educational qualifications etc
- c) entrance interview
- d) testing and other types of assessment procedure
- e) medical examination
- f) Training costs – orientation program costs, reduced productivity during the learning period.

Here, the total turn over tangible cost is given as:

Turnover cost= separation cost + replacement cost+ training costs

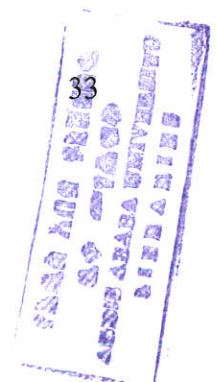
The termination of well performing employees also have indirect intangible costs as reduced morale of the staying employees, pressure on the remaining staff, disrupting group socialization process etc. These factors may also trigger on additional turnover. Ongori (2007) also justified that hiring and training a replacement worker for a lost employee costs

approximately 50% of the worker's annual salary. The costs do not stop here. Each time an employee leaves the organization, productivity drops due to the learning curve involved in understanding the job and the organization. Furthermore, the loss of intellectual capital adds to this cost, since not only do organizations lose the human capital and relational capital of the leaving employee, but also competitors are potentially gaining these assets. Therefore, if employee turnover is not managed properly it would affect the organization adversely in terms of personnel costs and in the long run it would affect organization's liquidity position.

2.5. Managing /Minimizing Turnover intention

Nowadays, competition is coming from each angle of the globe-dynamic competition. To cope up with such forces organizations are required to acquire and retain skillful, knowledgeable and flexible employees that fit with this dynamic competition faced by organization.

Strategies on how to minimize employee turnover confronted with problems of employee turnover, management has several policy options. Policy choice however, must be appropriate to the precise diagnosis of the problem (Ongori 2007: 51). For example, employee turnover attributable to poor selection procedure is likely to improve where the policy modification to focus exclusively on the induction process. At the same time, employee turnover attributes to wage rates which produce earnings that are not competitive with other firms in the local labor market is unlikely to decrease where the policy adjustment merely to enhance the organization's provision of on-the-job training opportunities.



Given that there is increase in direct and indirect costs of labor turnover, hence management are frequently required to identify the reasons why people leave organization so that appropriate action is taken by management. Different literatures have identified the following human capital management factors that can be used by management to increase the effectiveness of their investment in people and improve overall performance.

a) Employee engagement

The organization's capacity to engage, retain, and optimize the value of its employees depends on how well jobs are designed, how employees time is used and the commitment and support that is shown to employees by the supervisor would motivate employees to stay in a given organization.

b) Knowledge accessibility

The extent of the organization's "collaborativeness" and its capacity for making knowledge and ideas widely available to employees would make employees to stay in organization. Sharing of information should be made at all levels of management. This accessibility of information would lead to strong performance from the employees and create strong corporate culture. Therefore, information accessibility would make employees feel that they are appreciated for their effort and chances of leaving the organization are minimal.

c) Work-force optimization

The organization success in optimizing the performances of employees by establishing essential processes for getting work done, providing good working condition, establishing accountability and making good living choices would retain employees in their organization.

d) Empowerment of employees

This could help to enhance the continuity of employees in organizations. Empowered employees where managers supervise more people than in traditional hierarchy and delegate more decision to their subordinates. Managers act like coaches and helps employees solve problems. Empowering subordinates by delegating authorities to them results in more satisfied employees, with their leaders and then to be fair and in turn to perform up to the supervisor's expectations.

d) Organizational commitment

In an effective response to the whole organization and the degree of attachment or loyalty, employees fill towards the organization (Riley 2006: 10). The degree of commitment and loyalty can be achieved if management enriches the jobs, empower and compensate employees properly.

According to Riley (2006), a number of researches suggest implementation of a high performance work practices to reduce voluntary turnover. These high performance work system are an approach to an organization's drive to improve its production, service delivery and quality to its customer. They may include employee recruitment and selection procedure, remuneration incentives, performance appraisal systems; training, education and development that improve knowledge, skill and abilities of the employee. These factors are aimed at increasing the employees' motivation and effectively enhancing the retention of high performers with in the organization.

CHAPTER THREE

ORGANIZATIONAL BACKGROUND OF COMMERCIAL BANK OF ETHIOPIA (CBE)

3.1 Historical Background of CBE

The history of bank in Ethiopia dates back to the establishment of the Bank of Abyssinia in 1905. This bank operated until the Italian invasion in 1936. The year 1936-1942 were marked by the Italian occupation where only a few Italian banks were operating. After the victory over Italy, the state bank of Ethiopia was established in August 1942. In 1963 the National bank of Ethiopia and the Commercial Bank of Ethiopia were established to handle the national bank and the commercial banking functions, respectively. From the year 1981-1993 CBE was in monopoly era dominating the banking business all over the country. From 1994 on wards, the country shifted from command economy to market oriented economy. The new banking proclamation enacted in 1994, has created several new opportunities for private sector to involve in the banking sector. This made CBE to relinquish its monopoly position in the country's banking industry.

Currently CBE is the leading bank in the country. The bank's leading position is expressed by the virtue of its (source: bank's broacher):

- Market share, volume of business, wide customer base, wide branch net work, asset size, capital base, etc.
- Currently (June,2008) the number of branches reached 201

3.2. Vision, Mission and Core Values of CBE

1. ***Vision-*** to become a world class commercial bank
2. ***Mission-*** we are committed to maximizing shareholders value through enhanced financial intermediation and unparalleled customer satisfaction. The fundamental component of mission statement include:
 - a. ***Customers-*** customers are most important assets. We continuously revise our service/products, technology, applications and employees' attitude towards the customers with a view in securing maximum customer satisfaction.
 - b. ***Shareholders-*** in order to optimally meet the needs of our customers and efficiently manage the business, we are committed enhancing long term shareholders.
 - c. ***Employee-*** quality customer service is possible only through motivated and skilled employees. To9 this end, the bank is highly concerned for the wellbeing of its employees. It tries to develop a work force that enjoys working for and prides itself in associating with the bank.
3. ***Corporate Values-*** The bank believes in business principles that ensure survival and profitability. Hence it is committed to the following shared values in conducting its day to day business. Generally CBE: stands for quality, is a learning organization, is committed to unparalleled customer satisfaction, believes that its employees are its valuable assets, is an equal opportunity employer.

3.3. Organizational Set up and Major Services Offered by CBE

- 1. **Organizational Setup-** CBE is managed by board of management, which is representatives from the government, the management and employees, run by the president, has more than 201 branches all over the country, render international and domestic banking services and has over 8,000 employees (for organizational structure see appendices part).
- 2. **Major services offered by the Bank-**domestic banking includes; deposits, local transfer services, loan and advances; international services; import and export, documentary collection and cash against document (CAD),letter of guarantee, money transfer, on-resident account, Diaspora account, other acceptable instruments and other service activities such as safe deposit locker, automated teller machine(ATM).

3.4. Trends of Turnover for the Year (2003 to 2007)

The over all turnover rates in CBE for the last five years are calculated from the employee recorded data in the organization as follows (Table 3.1):

Table 3.1: Turnover rate of CBE

Year	2002/3	2003/4	2004/5	2005/6	2006/7
Total no. of employees	6989	7162	7138	7347	7684
Total no. left CBE	388	300	344	347	455
Voluntary separation	375	285	246	230	371
Turnover rate*	5.37%	3.98 %	3.45 %	3.13 %	4.83%

(Source: bank’s document)

The turnover rate for the organization is increasing in the year 2006 to 2007 (3.13 % to 4.83%). To see whether this turnover is observed by the management or not, interview was made with training and development department and human resource information systems departments. The results of these discussions are presented below.

3.5. Human Resource Management Practice of CBE Regarding Employee Turnover

According to interview conducted with training and development department of CBE, there is specific human resource practice designed to manage turnover. However, there are many actions being implemented by the bank implicitly to control turnover. Some of the strategies are:

- Staff loan- this is offering a given staff interest free loan amounting six times his/her monthly salary that can be paid with in three years
- Offer educational opportunity, however this require commitment to serve the bank for a given defined period of time. Ex, masters sponsored employee serves for five years.
- Housing loan-the bank provide loan for its employee who has already started and completed constructing 10% of the total cost of the construction. In this case, the bank will cover the remaining 90% of the construction cost that is going to be paid over a long period of time (usually with in 30 years). However, this involves interest to be paid by that employee.
- Fuel allowances- for employees who are professional and above professional employment category, the bank cover monthly fuel expenses

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This part of the research presents the outcomes of statistical analysis, then discusses the result by referring to the related literature and test the hypothesis proposed

4.1 Results of Statistical Analysis

4.1.1. Demographic Characteristics of the Respondents

This part of the study presents the respondent's profile from which the data were collected for the study.

The general background of the sample respondents is presented here Table 4.1 and Table 4.2:

Table 4.1: Demographic Variables (with regard to sex, age, education level and service years)

		Frequency	Percent	Valid Percent	Cumulative Percent
sex	male	108	58.4	58.4	58.4
	female	77	41.6	41.6	100.0
age	<25	33	17.8	17.8	17.8
	25-35	116	62.7	62.7	80.5
	36-45	19	10.3	10.3	90.8
	46-55	16	8.6	8.6	99.5
	>56	1	.5	.5	100.0
Service years	<5 years	59	31.9	31.9	31.9
	5-10	78	42.2	42.2	74.1
	11-15	21	11.4	11.4	85.4
	16-20	8	4.3	4.3	89.7
	>20	19	10.3	10.3	100.0

The demographic variable summary shows that the proportion of male and female is almost equal; with the proportion of male (58.4%) and female (41.6%). The majority's age group is between 25 and 35 of age. People within this age are those who are more productive age group that can affect the productivity of the organization. Almost all of the respondents are diploma and first degree holders, diploma (49.2%) and first degree (49.7%) amounting the total of 98.9%.

As this table (Table 4.1) shows, the majority (42.2%) of respondents are those having the service year of five to ten years. These employees seem to have good knowledge and experience regarding banking operation. The voluntary separation of these types of employees will have significant impact on the performance of this bank.

Table 4.2. is an extension of Table 4.1., explaining the characteristics of the respondents with respect to; income level, marital status and employment category. The majority regarding employment category attribute to professional (67.6%); these are employees who are involved in the basic operational area of the banking function. The movement of these employees also can have detrimental effect on its performances.

Table 4.2. Demographic Factors (with regard to income level, marital status and employment category)

		Frequ ency	Percent	Valid Percent	Cumulative Percent
income	<1000	1	.5	.5	.5
	1001-1500	53	28.6	28.6	29.2
	1501-2000	11	5.9	5.9	35.1
	2001-2500	37	20.0	20.0	55.1
	2501-3000	40	21.6	21.6	76.8
	>3000	43	23.2	23.2	100.0
Marital status	married	59	31.9	32.2	32.2
	single	118	63.8	64.5	96.7
	widowed	2	1.1	1.1	97.8
	divorced	2	1.1	1.1	98.9
	Total	183	98.9	100.0	
Employment category	semiprofession al	44	23.8	24.0	24.0
	professional	125	67.6	68.3	92.3
	manager	14	7.6	7.7	100.0
	Total	183	98.9	100.0	
	System	2	1.1		

As far as marital status is concerned, the majority is also single (63.8%). In the previous studies there were no significant researches conducted on whether the marital status affects turnover intention or not. Those respondents with single marital status have ease for movement from one organization to another than married employees.

4.1.2. Results of Descriptive Statistics

Table 4.3 Descriptive Statistics of Main Variables

	Mean	Std. Deviation	Cronbach's alpha	N
Nature of the job	2.8811	.98186	0.811	185
supervision	3.0162	1.07580	0.711	185
coworker	3.7955	.76834	0.713	185
financial reward	2.8261	.92288	0.849	185
promotion	2.5676	1.02891	0.927	185
autonomy	2.7998	1.01832	0.877	184
work condition	2.8595	1.12009	0.853	185
availab.emp. opp.	3.7935	.80352	0.734	184
organ. commitm.	2.3274	.89734	0.903	185
turnover intention	3.3705	.93536	0.830	184

To check reliability of the instruments that are used to collect the data, Cronbach’s alpha is calculated for each category. As can be observed from the Table 4.3., the reliability for each category of the instruments for the major variables are: nature of the job (0.811), supervision (0.711), coworker (0.713), financial reward (.849), promotion (0.927), autonomy (0.877), work condition (0.853), available employment opportunity (0.734), organizational commitment (0.903) and turnover intention (0.830). Similar studies (Riley: 2006) have shown that the Cronbach’s alpha minimum level of 0.70 was reported. The reliability levels for each instrument category are above this specified threshold level (0.70). This shows that the scale used are relatively reliable.

The descriptive statistics for all main variables that are included in the hypothesis includes mean, standard deviations and Cronbach’s alpha are presented in table 4.3. Respondents have

indicated that almost dissatisfied with regard to promotion opportunities (2.5676), nature of the job (2.8811), financial reward (2.8261), autonomy (2.7998), and working condition (2.8595); neutral with supervision (3.0162); satisfied with coworker (3.7955). With regard to perception of employment availability for similar job in the market they have strong perception (3.7935) and they are less committed to the organization (2.3274).

Their intention to quite is found to be moderately high (3.3705), indicating that employees are intending to leave. For all of these variables, the lowest value is 1, medium 3 and the highest value is 5. This means that 3 is the mid point for the scale indicating those value which are below 3 are dissatisfied or disagree; and those value which lie above 3 are satisfied with job related factors and agree with factors regarding perceived available employment opportunity, organizational commitment and turnover intention. The above analyses are made based on this assumption.

4.1.3. Results of Correlation Analysis

Here in this study Pearson's correlation is selected for analysis of the relation ship between the dependent variable (turnover intention) and the major independent variables.

To understand the variables more and the relationship they have among each other better, the correlation matrix is summarized in table 4.4.

Table 4.4 Correlation Matrix among Main Variables

	Natj	Supr	Cowork	Finrew	promop	auto	phywc	paeo	orgcom	turni n
Natj	1									
Sig	.									
Supr	.331(**)	1								
Sig.	.000	.								
Cowork	.161(*)	.219(**)	1							
Sig	.014	.001	.							
Finrew	.390(**)	.300(**)	.309(**)	1						
Sig	.000	.000	.000	.						
promop	.583(**)	.332(**)	.181(**)	.532(**)	1					
Sig	.000	.000	.007	.000	.					
auto	.545(**)	.405(**)	.148(*)	.506(**)	.621(**)	1				
Sig.	.000	.000	.022	.000	.000	.				
phywc	.336(**)	.198(**)	.139(*)	.283(**)	.301(**)	.361(**)	1			
Sig	.000	.003	.030	.000	.000	.000	.			
paeo	.118	.033	.170(*)	.055	.139(*)	.146(*)	.031	1		
Sig	.056	.328	.011	.230	.030	.024	.337	.		
orgcom	.488(**)	.424(**)	.350(**)	.410(**)	.481(**)	.532(**)	.371(**)	.178(**)	1	
Sig.	.000	.000	.000	.000	.000	.000	.000	.008	.	
turnin	-.282(**)	-.146(*)	-.213(**)	-.391(**)	.335(**)	-.59(**)	-.170(*)	.178(*)	-.430(**)	1
Sig	.000	.024	.002	.000	.000	.000	.011	.047	.000	.
	Natj	Supr	Cowork	Finrew	promop	auto	phywc	paeo	orgcom	turni n

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.05 level (1-tailed).

Natj=nature of the job, supr=supervision, cowork=coworker, finrew=financial reward, promop=opportunity for promotion, auto=job autonomy, phywc=physical work condition, paeo=perceived available employment opportunity and orgcom= organizational commitment

The statistical results presented in the Table 4.4, show that all of the independent variables are significantly related to the dependent variables in the expected direction. The relation ship between turnover intention and nature of the job is negative in nature indicated by the analysis is also the same (r=-.282, p<0.01), supervision (r=-.146, P<0.05), coworker(r=-.213, p<0.01),



financial rewards ($r=-.391$, $p<0.01$), Promotion ($r=-.335$, $p<0.01$), and so on. According to this correlation analysis result, all hypotheses have received that there is a negative relation ship between turnover intention and all variables except that of hypothesis 8(H_8), in which case there is positive relations between turnover intention and perceived available employment opportunities.

All job satisfaction factors are found to be significantly related to turnover intention; nature of the job ($r=-.282$, $p<0.01$), supervision ($r=-.146$, $p<0.05$), coworker ($r=-.213$) and so on all having the significance level of ($P<0.05$). Organizational commitment is also proved to be related to intention to quit ($P<0.01$). However, the fact that there is significant relation ship between dependent variable and independent variable does not necessarily indicate that the independent explains the dependent variable. It does not measure the cause and effect relation ship (Norusis, 1988:323).Hence, beyond correlation analysis, regression analysis is made to see whether there is cause-effect relation ship between the variables that are explained to be significantly related with turnover intention.

4.1.4. Results of Regression Analysis

This analysis is made at two stepwise phases; the first analysis phase is to see whether all independent variables are significant to explain the dependent variable. At each phase, variability test, to see what percent of the dependent variable is explained by the independent variables and whether there is linearity between these variables.

Phase-I: Regression Analysis on All concerned Variables

Table 4.5 R-square and adjusted R-square

R	R Square	Adjusted R Square	Std. Error of the Estimate
.540(a)	.292	.254	.81012

Predictors: (Constant), organizational commitment, available employment opportunity, work condition, supervision, Coworker, financial reward, Nature of the job, autonomy, promotion

Table4.6. ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	46.448	9	5.161	7.864	.000
Residual	112.881	172	.656		
Total	159.330	181			

Predictors: (Constant), organizational commitment, available employment opportunity, work condition, supervision, coworker, financial reward, Nature of the job, autonomy, promotion
Dependent Variable: turnover intention

Table4.7. Coefficients of regression

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.651	.417		11.146	.000
Nature of the job	-.032	.081	-.034	-.398	.691
supervision	.070	.065	.079	1.087	.279
coworker	-.029	.088	-.024	-.329	.743
financial reward	-.214	.085	-.209	-2.528	.012
promotion	-.119	.084	-.129	-1.408	.161
autonomy	.069	.086	.074	.801	.424
work condition	.021	.060	.024	.345	.730
availab.emp. opp.	.195	.078	.166	2.500	.013
organ. commitm.	-.410	.092	-.385	-4.467	.000

Dependent Variable: turnover intention

To check the effect of all independent variables, regression analysis is made between the turnover and all independent variables. The result of this analysis shows that, the over all

correlation is ($r=0.54$), and this model significant having R-square is ($R^2=0.292$) and adjusted R-square (adjusted $R^2 = .254$); and the model is fit having ($F=7.864$ and $P<0.0001$). Therefore this model proved to be suitable for the hypothesis proposed.

Even though the model's fitness is accepted, the majority of the variables are not significantly affecting the turnover intention. This has led to the rejection of the hypothesis proposed for this research project. Hypothesis 1 (H_1) which states that the more employees satisfied the less they will intend to leave; has not received support from the regression analysis P value ($P=0.691$). the same is true for the other hypothesis. Supervision ($P= .279$), coworker ($P= .743$), promotion opportunity ($p= .161$), autonomy ($p=.424$) and working condition ($p=.730$). All are found to be insignificant at P value of 0.05. Therefore, hypotheses H_1 , H_3 , H_4 , H_5 , H_6 , and H_7 were failed to be accepted as hypothesized. Hence these hypotheses with their respective variables were rejected from the model in this study. Specifically, nature of the job, nature of supervision, promotion, coworkers, autonomy, and physical working conditions are not participated in explaining turnover intention and were removed from the model.

However, other variables were found to be significantly affecting turnover intention. These have led to the acceptances of hypotheses proposed based on these variables. Financial reward ($P=.012$), perceived available employment opportunity ($P=.013$) and organizational commitment ($P=.000$) were found to be significantly affecting turnover intention at significance level of ($P=0.05$). Therefore, hypotheses H_2 , H_8 and H_9 were proved to be

accepted. This implies that dissatisfaction with financial rewards leads to high turnover intention (H₂), higher perception of available employment opportunities also led to high intention to quit (H₈) and low organizational commitment caused higher turnover intention (H₉) as hypothesized. In general the model is fit, but all independent variables can not be included in the model. To include only the significant variables stepwise regression analysis is made to select the most significant variables

Phase-II: Regression Analysis after Removing the Insignificant Variables

Here the variables which are insignificant in explaining turnover intention are excluded from the model by stepwise regression analysis and the variables which are significantly affecting turnover intention are selected. The results shows that factors as financial rewards, perceived available employment opportunity and organizational commitment were indicated in to regression model and these results are summarized in the following tables.

Table4.8. Revised R-square and adjusted R-square Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.524(a)	.275	.263	.80355

Predictors: (Constant), financial reward, available employment opportunity, organizational commitment.

The over all correlation coefficients between turnover intention and the significant independent variables (financial reward, perceived available employment opportunity and organizational commitment) is 0.524, the R-square is 0.275 and adjusted R-square is 0.263. It means that 27.5% the variability in turnover intention is explained by these independent

variables. This justifies the model is accepted for this investigation.

Table4.9. Revised ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	43.766	3	14.589	22.594	.000
Residual	115.579	179	.646		
Total	159.345	182			

Predictors: (Constant), financial reward, available employment opportunity, organizational commitment.
Dependent Variable: turnover intention

Now, this ANOVA test justifies that the revised model is fit for the study under consideration, $F=22.594$ with p value ($p<0.0001$). The stepwise regression analysis has resulted the following new model.

Table4.10. Revised Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.718	.355		13.299	.000
organizational commitment	-.404	.076	-.380	-5.329	.000
Perceived Avail. emp opport. (paeo)	.178	.075	.153	2.366	.019
financial reward (finrew)	-.238	.072	-.234	-3.320	.001

Dependent Variable: turnover intention

The second phase regression analysis result is also consistent with the previous regression results, showing that the three significant variables in the first analyses are also significant in these analyses.

Organizational commitment ($P=.000$), available employment opportunity ($P=.019$) and financial rewards ($P=.001$) all are significant at significance level of 0.05.

Therefore these three variables are the most determinant factors that affect employee turnover



intention in the case of Commercial Bank of Ethiopia. Hence these variables are included in the final turnover intention model.

The final turnover intention model from this statistical analysis is formulated as:

$$\begin{aligned}\text{Turnover Intention} = & 4.718 - .404 * (\text{organizational commitment}) \\ & + .178 * (\text{perceived available employment opportunity}) \\ & - .238 * (\text{financial rewards})\end{aligned}$$

The standardized coefficients show that among these variables which is the most significant among others. From the final analysis, the standardized coefficients of organizational commitment is the largest (-.380) followed by financial rewards (-.234) and finally perceived available employment opportunity (.153). This indicates that organizational commitment is the most variable affecting turnover intention in the Commercial Bank of Ethiopian.

4. 2. Discussion

The main purpose of this research was to identify and analyze those factors that affect turnover intention in Ethiopian Commercial Bank context. The current dynamic nature of businesses, stiff competition in the market area requires skilled, experienced employees. And these employees need to continue with the organization assisting that business in meeting its vision, mission and objectives. Therefore this research has contribution in the area of turnover intention considering the case of CBE.

This part discusses the main findings displayed in the analysis part of this chapter.

4.2.1. Job Satisfaction Factors

In this research there were seven factors identified and studied whether they do affect turnover intention or not. To see these, two statistical analyses were conducted and the result shows that among these seven job related variables; only satisfaction regarding financial rewards is found to be the significant predictor of turnover intention. This finding is consistent with many studies conducted in the similar area. For instance the studies made on clerical bank employees by Coh and Goh (1995), and study made on different organization types by Khatri et al (2001) have shown that satisfaction with financial rewards is one of the significant predictor of turnover intention.

Even though other variables as satisfaction with nature of the job, promotion, supervision, coworker, autonomy, physical working condition were reported as predictors of turnover intention in other studies in other countries context; in this study they have not got support from the statistical analysis conducted.

As far as financial reward is concerned, employees were asked whether they are satisfied with the pay they get relative to employees working in other banks on similar jobs, satisfaction with over all pay system. And the descriptive statistics has shown that they are almost dissatisfied (2.82). Similarly the correlation and regression analyses results indicated that financial rewards are significant predictor of turnover intention. Therefore, this variable is one of the most important in handling turnover in the case organization under consideration.

Individuals typically seek to improve their employment conditions when they change jobs (that is perceived desirability of movement). Their ability to accomplish this obviously depends on a number of personal and labor market factors, but it is often found that job seekers improve their pay levels if they obtain a new job before they leave their present employer (Heneman et al 1996:510).these types of findings suggest that the organization's financial reward system (pay level) is a potentially important direct influence on voluntary turnover intention. At least some employees appear to compare their pay with pay levels available in other organizations. When better pay is available elsewhere, there is a tendency to quit one's employer and accept the job with the higher pay opportunity. Therefore, organizations must aware that paying low wages will quite possibly result in higher turnover intention that will lead to actual turnover.

4.2.2. perceived Available Employment Opportunities.

As hypothesized, the relation ship between perceived available employment opportunity and turnover intention has got support from both correlation and regression analysis. Therefore, if there is alternative employment opportunity in the external market that is perceived by employees this leads them to think to quit their current employer. Voluntary turnover depends on employee perceptions of the desirability and ease of movement.

Other empirical studies conducted in similar area have shown that perceived employment opportunities affect turnover intention either directly or indirectly. For instance, Iverson and Buttigieg (1998) have found that increased job opportunity in the labor market leads to

decreased organizational commitment that causes turnover intention. According to Price and Mueller (1981), employment opportunity is four times as important as that of financial rewards in affecting turnover. The other studies are also consistent with the current finding under consideration. Khatri et al (2001), shown that perceived available employment opportunity have strong moderating influence on turnover intention. There fore the current findings regarding the impact of employment opportunity on turnover is highly consistent with previous works on turnover intention.

Perceived available employment opportunity is external environmental determinant whose importance has recognized by many scholars. This indicates organizations should focus not only on organizational commitment but also should consider environmental factors (external labor market). Although management has little influence on the condition of labor market, it can minimize the effect by introducing human resource management strategies as providing timely feedback to employees regarding human resource practices and ensuring that organization is competitive in terms of compensation and advancement opportunities (Price and Mueller, 1981).

4.2.3. Organizational Commitments

Organizational commitment refers to the level of trust and acceptance of the employees towards the goal of the organization and intention to keep staying in that organization (Narimawati 2007).

Organizational commitment is found to be the most important variable that affects turnover intention in this study. Of course, organization commitment is the most studied variable in the turnover literature and most of the previous studies conducted in explaining the impact of organizational commitment on turnover intention have shown the existence of relation ship between the two variables. This study also supports the previous findings on organizational commitment and turnover intention.

The findings of Khatri (2001), (Narimawati 2007), Lum et al (1998), Riley (2006) shown that there is strong relation ship between the two variables (organizational commitment and turnover intention). Iverson and Buttigieg (1998), have shown that high organizational commitment is related with positive organizational outcomes (low turnover intentions and low absenteeism) but low organizational commitment leads to greater organizational inflexibility (negative organizational outcomes as high turnover intention, high absenteeism) which in turn negatively affect the performance of that organization. If organizational commitment is the most predictor of turnover intention; then can commitment be managed? How can an organization develop the right kind of commitment? According to Iverson and buttigieg (1998), commitment is related to the employees' perception of human resource management practice. There fore management of commitment requires some knowledge of the effect of different human resource management policies on its various dimensions.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

Conclusion and recommendation are made based on the review of related literature, results of statistical analysis and discussions of findings as follows:

5.1. Conclusions

The main objective of this research is to identify and analyze those factors that affect employee turnover intention in the case of commercial bank of Ethiopia (CBE). To do so, the works of different scholars, books were reviewed and presented in literature review part. Primary data were collected from respondents through survey questionnaire to identify and analyze the determinant factors that influence turnover intention. These data were analyzed using different statistical tools mainly descriptive statistics, correlation and regression analysis. Farther more, to test whether the results of these analyses, different statistical tests were conducted using t-test, ANOVA test. Based on the statistical analysis and discussion the upcoming conclusions are made:

1. Different factors that affect turnover intention were identified. The main factors are job related factors (nature of the job, supervision, coworkers, financial rewards, promotion opportunities, autonomy and physical working condition), perceived alternative employment opportunity and organizational commitment.
2. Among the factors of job satisfaction, only satisfaction with financial rewards (mainly

pay) has been proved the predictor of turnover intention in the case of CBE. Both correlation and regression analyses results have indicated financial reward is significant enough to explain turnover intention. The result has indicated that there is low satisfaction with regard to financial rewards causing high turnover intention.

3. Perceived available employment opportunities are the second most significant factor that has affected turnover intention in CBE. High perception of available employment opportunity was observed and found to be significant predictor of turnover intention. The results of both statistical analyses (regression and correlation) have resulted in a positive relation ship between turnover intention and perceived available employment opportunity, that is, the high perception regarding available employment by employees has caused almost high propensity to leave.

4. The influence of these variables is in the order of: organizational commitment (first), perceived available employment opportunity (second) and financial rewards (third). Basing these final findings, recommendations are forwarded to Commercial Bank of Ethiopia:

5.2. Recommendations

The above main findings have implication for management in general and human resource managers in particular. The following are the implications and recommendations forwarded basing on findings:

1. The dissatisfaction with financial rewards is the main job related factor affecting turnover intention in the CBE. This means employees in the commercial bank of Ethiopia are not receiving the salary to their expectation. As explained by training and development department, the salary level in the CBE is lower compared with other private banks. Even though the bank has adjusted its salary in the recent time, the private banks following this adjustment has increased and the difference is on going as before. This statement is consistent with the over all response of employees that they are dissatisfied with the pay system. Therefore the bank should make its salary level competitive with that of other private commercial banks. Here, it may be argued that this strategy increases the human resource cost. This reason makes the bank that it is short sighted, in the sense that separation of skilled, experienced employees involves two-fold costs. One is the bank should incur the replacement cost (hiring new employees, training, lost productivity, etc) and second, the lost skilled and experienced employee will be an asset for competitor banks that becomes a challenge for CBE. By considering this main facts and arguments CBE should adjust its current salary level to the industry's (banking industry) salary level.

2. Perceived available employment opportunity is external factor in which the control of managers is insignificant. The perception of employment opportunity by employees is high and this caused high intention to leave the bank. The main factor behind this perception may be the banking business in Ethiopia is one of the growing businesses. Employees in CBE are the most experienced in the industry and this growing market is creating good employment

opportunity for these employees. Further more, the private banks are paying more salary relative to CBE. Even though, managers of CBE can not influence this condition, they can at least minimize it. The alternative approach that can be used: making employees compensated as at least that of other banks' employees (external equity), creating other promotion opportunities for employees that is based on performance results, involving employees in controlling their activities to make them feel the job and the organization their own. However, the organization should communicate these strategies to employees.

3. Regarding organizational commitment, the organization is expected to do many things. This is because; this variable is the most influential variable that has affected turnover intention. As stated in the background of the organization part, the bank is doing something that is appreciable to enhance the commitment of employees. For instance, the bank is offering interest free loan of three times salary that is payable within three years, offer loan for house construction that repayable in the long term, offer further educational development. These are some strategies that are adopted to enhance retention of employees. However, it is difficult to say these variables can really create commitment in the minds of employees. This is because it is meant to retain employees by elongating the life of employees in paying the loan to the bank.

Commitment is not to elongate employees life but it is making the objective of employees and that of organization to similar line so that employees will feel that the organization is their

own rather than other entity in which they stay to pay loan. This does not mean that, the bank should not offer such opportunities, but rather to make this strategy impressive that the bank is concerned for the life of its employees. And at the same time there should be supplementary strategy to this approach to ensure that the bank is really concerned for its employees.

To achieve employee commitment and loyalty management is expected to enrich the jobs, empower and compensate employees properly. Further more, to reduce high turnover and turnover intention CBE has to implement high performance work practices approach. This strategy basically refers to organizations motivation to improve its production, service delivery and quality of its products. They may include employee recruitment and selection procedure, remuneration incentives, performance appraisal systems; training, education and development that improve knowledge, skill and abilities of the employee. These factors are aimed at increasing the employees' motivation and effectively enhancing the retention of high performers with in the organization. Overall, this approach is designed to motivate and retain high performers with in the organization.

Bibliography

I. Books

1. Cascio W., F.(1986), Managing Human Resource: Productivity, Quality of worklife, Profit 1st Edn., McCraw Hill Book Company.
2. Fishbein M and Ajzen I. (1975), Belief, Attitude, Intention and behavior: An introduction to Theory and research-reading MA: Addison-Wesley.
3. Greenberg J., Baron R. A., Sale C. A., and Owen F. A. ((1996), Behavior in Organizations, 2nd Edition, Prentice Hall Canada Inc.
4. Heneman, H.G., Schwab, D.P., Fossum, J.A., and Dyer, L.D.,(1996) Personnel/ Human Resource Management ,4th ed, Universal Bookstall, New Delhi
5. Muchinsky P. M.,(1989), Psychology applied to Work: Ann Introduction to Industrial and Organizational Psychology, 2nd Edition, Cole Publishing Company
6. Robins, S.P., Wafers-Marsh, T., Caccioppe,R., Millet,B. (1994), Organizational Behavior: Concepts, Controversies, and Application; Prentice Hall, Australia
7. Schermerhorn, J.R., Hunt, J.G, and Osborn, R.N., Managing Organizational Behavior; 5th ed, John Wily, New York
8. Steers R. M. and porter L. W. (1983), Motivation and work behavior, 3rd edition, McGraw hill book company, USA.
9. Sutherland, J., and Canwell, D.(2004) Key Concepts in Human Resource Management, Palgrave Macmillan, China

II. Journals

1. Alexander, J. A, Lichtenstein R., Oh, J. H., and Ullman, E.(1998), A Causal model of voluntary turnover among nursing personnel in long term psychiatric settings, Research in nursing and health, Vol. 21, pp. 415-427

2. Arnold H. J., Feldman D. C., (1982), A Multivariate analysis Determinants of Job Turnover, Journal of Applied Psychology, Vol.67., no. 3, 350-360.
3. Boudreau J. W., Boswell W. R., Judge T. A. and Bretz R. D. (1999), Personality and Cognitive ability as Predictions of Job search and Separation Among Employed managers, center for advanced Human Resource Studies Working Paper eries, Cornell University
(<http://digitalcommons.ilr.cornell.edu/cahrswp/112>
4. Glover, T. (2001), Turnover Analysis; Definition, process and Quantification; Draft working paper
<http://doe.state.wy.us/lmi/0203/a2.html>
5. Horwitz,F.M., Heng.C.T. and Quazi, H. A (2003) Finders, Keepers? Attracting, Motivating, and Retaining Knowledge Workers; Human Resource Management Journal Vol.13 No.4 pp 23-44
6. Iverson R. D., and Buttigieg D. M., (1998), Affective, Normative and Continuance Commitment: Can the 'right kind' of commitment be managed?, working paper, no.7, Melbourne University.
7. karim N. H. A. and Mohmmnd Noor N H. N (2006), Evaluating the Pyschometric properties of Allen and Meyer's Organizational Commitment scale: A Cross Cultural application Among Malaysian Academic Librarians, Malaysians Journal of Library and Information Science, vol.11, no.1, 89-101.
8. Khatri N.,Fern C.T., And Budhwar P. (2001), Explaining Employee Turnover in an Asian Context, Human Resource Management Journal, vol.11,no.1, 54-74

9. Koh, H.C., and Goh, C.T. (1995), An Analysis of the Factors the turnover intension of Non-Managerial clerical staff: A Singapore study; The International Journal of Human Resource Management V.6 No.11-3, pp.103-123
10. Lum L. , Kervin J., Clerke K., Reid F. and Sirola W. (1998), Explaining Nursing TurnoverIntent: Job Satisfaction, pay Satisfaction or Organizational Commitment? Journal of organizational Behavior, vol.19, 305-320.
11. Lucas, G.H., Prasuraman A., Dausi, R.A. , and Enis, B. M. (July 1987) An Empirical Study of Sales force Turnover; Journal of Marketing, Vol.51, pp 34-59
12. Mano-Negrin,R. and Kirschenbaum, A. (1999), Push and Pull Factors In Medical Employees' Turnover Decisions: The effect of ACareerist Approach and Organizational Benefit on the Decision to leave the job, The international Journal of Human Resource Management , Vol. 10, Nos, 1-5
13. Menna O., and Tesfaye Semela., (2000), Determinants of Decision to Leave or Stay in teaching Profession, The Ethiopian Journal of Education, 20(1), 1-23.
14. Michael C., E., and Spector P., E.(1982), cuase of employee turnover: A test of the Mobley, Griffeth, and Meglino model, Journal of Applied Psychology, Vol. 67., no1., 53-59
15. Mobley W., H., Horner S., O., and Hollingsworth, A, T. (1978), An Evaluation of Precursors of Hospital employee Turnover, Journal of Applied Psychology, Vol. 63, no.4, 408-414.
16. Morrel K., Clarke L.J, and Wilkinson A.(2001), Un weaving Leaving: The use of models in management of employee turnover, Research series,1, Lough borough University.

17. Mossholder, K.W., setton, R.P., and Henagon,S.C.' (2005) A Relational Perspective; Examining Structural, Attitudinal and Behavioral Predictors; The Academic Management Journal, Vol. 48. No. 4,
18. Mulugeta G. (2001), Statistical Analysis and Interpretation of Data, IER FLAMBEAU, AAU, vol. 8, no. 2, 93-105.
19. Narimawati S. U.(2007), The Influence of Work Satisfaction, Organizational Commitment and Turnover Intention Towards the Performance of Lecturers at West Java's Private Higher Institutions, Journal of Applied Science research, 3(7), 549-557.
20. Norusis M. J, (1988), SPSS/PC+ Student ware, SPSS Inc.
21. Ongori, H. (2007), Review of the literature on Employee Turnover; African Journal of Business Management, pp 49-54
<http://www.academicjournals.org/ajbm>
22. Porter L.W., Steer R. M., Mowday R. T. and Boulian P.V. (1974), Organization Commitment, Job Satisfaction and Turnover among Psychiatric Technicians, Journal of Applied Psychology, vol. 59. no. 5, 603-609
23. Price, J. L., and Mueller, C. W.(1981), A Causal model of turnover for nurses, Academy of management journal,Vol.24, No. 3. pp. 543-565.
24. Riley D. (2006), Turnover Intention: The Mediation Effects of Job satisfaction, affective commitment and Continuance Commitment, Masters Thesis, University of Waikato.

25. Shaw, J.D. Dffy, M.K., Johnson, J.L., and Lockiart, K. (2005)'Turnover, Social Capital losses, and performance', The Academic Management Journal, Vol. 48. No. 4, pp: 549-724
26. Steel, R., P., and Ovalle N. K. (1984) A Review and Meta-analysis of research on the relation ship Between Behavioral Intention and employee Turnover, Journal of applied Psychology, vol., 69, no., 4, 673-686.
27. Taylor D. S. and Chin W. W. (2004), Understanding Is Worker Turnover Decisions: Is It Job Satisfaction or Job Fit with Quality of Life Goals? Academy of Information and Management Science Journal, vol.7, no. 2, 105-114.
28. Tesfaye Semela. (2004), Perception of work environment in Ethiopian Higher Learning Institutions: A search for Antecedents of Organizational Commitment and Turnover among Debub University Instructors, The Ethiopian Journal of Higher Education, Vol. 1, No. 2, 33-60
29. Wild,R., Hill, A.B. and Redgeyay (1970) Job Satisfaction and Labor Turnover Among Women Workers, Journal of Management Studies, Vol. 7. pp 79-86
30. Williams L. J., and Hazer J. T. (1986), Antecedents and Consequences of Satisfaction and Commitment in Turnover Model: A Reanalysis Using latent Variable Structural equation Methods, Journal of Applied Psychology, vol.71, no. 2, 219-231.

APPENDICES

Addis Ababa University
Faculty of Business and economics
Postgraduate School (MBA)

Questionnaire to be filled by employees of Commercial Bank of Ethiopia

Dear Staff member:

Currently, I am a graduate student at Addis Ababa University and conducting research for completion of Masters in Business Administration (MBA).

The main objective of this research is to identify those determinant factors that affect voluntary employee turnover intention in the case of Commercial Bank of Ethiopia. As it may be perceived, employees are key resources for the existence of organizations in the competitive environment. Designing the strategy by which these types of resources are retained is a primary function of human resource managers of organizations. To implement this strategy, human resource managers should first know the causes of employee turnover, which is basically the result of intention to leave.

Your participation in this study is totally voluntary and highly significant for the successful completion of the study. The questionnaire consists of different questions which are related to demographic characteristics, job related factors, organization related (organizational commitment), and intention to quit.

I want to assure you in advance that, your responses are exposed only to me (will not exposed to any other person) and are used only for academic purpose. Therefore feel confident in filling the response. No respondent will be identified in the final report of the research. Please answer all questions to help the study completed.

If you are interested to have further information about this study, or have any problem in filling this questionnaire please contact me:

Alamrew Kore
Tele: 0912057313
E-mail: jabo2006jabo@yahoo.com

Thank you, in advance for taking your time to respond to this questionnaire!

Alamrew Kore
MBA student
AAU
Addis Ababa

General Instructions

1. You are not required to write your name
2. All questions are equally important for the completion of the study

Part I: General demographic characteristics of respondents.

Choose the appropriate alternative and put "✓" in the box provided

1. Sex: ☐ male ☐ female
2. Age: ☐ less than 25 years ☐ 46-55
☐ 25-35 ☐ More than 55
☐ 36-45
3. Educational level:
☐ High school complete ☐ Masters Degree
☐ Diploma ☐ PhD
☐ Bachelors degree
4. The number of service years in Commercial bank of Ethiopia:
☐ Less than 5 years ☐ 16-20 years
☐ 5-10 years ☐ above 20 years
☐ 11-15 years
5. The monthly income that you get monthly in this organization:
☐ Less than 1000 birr ☐ 2001-2500 birr
☐ 1001-1500 birr ☐ 2501-3000 birr
☐ 1501-2000 birr ☐ Above 3001 birr
6. Marital status:
☐ Married ☐ widowed
☐ Single ☐ Divorced
7. Employment category in the Bank: ☐ Semi-professional ☐ Managerial
☐ Professional
8. Branch of the Bank at which you are working-----

Part II: Questions related to job satisfaction, organizational commitment, Perceived Available Employment opportunities, and turnover intention.

A. Job satisfaction questions:

The following questions are designed to measure the degree of satisfaction that you feel with respect to a given aspects of your current job in Commercial Bank of Ethiopia. Please indicate your feelings by ticking (✓) the items given in the table below:

1=Very dissatisfied= If you feel that a given aspect of your job gives you much less than you expected.

2=dissatisfied= if you feel that a given aspect of your job gives you less than you expected

3= neither satisfied nor dissatisfied= if you can not make up your mind whether a given aspect of your job what you expected.

4= satisfied=if you feel that a given aspect of your job gives you what you expected

5= very satisfied= if you feel that a given aspect of your job gives you more than you expected

a. Satisfaction with nature of the job						
No.	questions	1	2	3	4	5
9.	The chance to do different things from time to time					
10.	The chance to do something that makes use of my abilities					
11.	The meaningfulness and significance attached to my job					
b. Satisfaction with supervision						
12.	The way my supervisor handles his/her employees					
13.	The way my supervisor provides help on difficult issues					
14.	The way my supervisor takes care of the complaints of his/her employees					
c. Satisfaction with coworkers						
15.	The sprit of cooperation that I have with my coworkers					
16.	The chance to develop close friend ship with my coworkers					
17.	The chance to be responsible for the work of others					
d. Satisfaction with financial rewards						
18.	The fairness of my earning in comparison with the effort I exert					
19.	The chance to make as much money as my friends within my organization doing similar job with similar qualification					

C. Organizational Commitment

The following 12 statements describe your degree of attachment and loyalty towards the bank now you are now employed with. Please indicate your feelings by ticking (✓) given in the table below:

1=strongly disagree

4= agree

2=disagree

5= strongly agree

3=neither agree nor disagree

No.	Items	1	2	3	4	5
33.	I am willing to put in a great deal of effort beyond that normally is expected in order to help this organization to be successful					
34.	I talk up this organization to my friends as a great organization to work for					
35.	I find that my values and the organizations' values are very similar					
36.	I am proud to tell others that that I am part of this organization					
37.	This organization really inspires the very best in me in the way of job performance					
38.	I am extremely glad that I chose this organization to work for over others I was considering the time I joined					
39.	I really care about the fate of this organizations					
40.	For me ,the current organizations is the best of all possible organizations for which to work					

D. Turnover Intention/ Intention to quit

The following 3 statements describe your degree of intention to quit your current employer. Please indicate your feelings by ticking ("✓") in the table below:

1=strongly disagree

4= agree

2=disagree

5= strongly agree

3=neither agree nor disagree

No.	Items	1	2	3	4	5
41.	I will likely actively look for a new job in other organization in the next year					
42.	I usually think about quitting					
43.	I probably look for a new job in other organizations in the next year					
44.	There is a good chance that I will leave this bank in the next year or so					

Thank you!

ORGANIZATIONAL STRUCTURE (AT DEPARTMENT LEVEL)

