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**EFFECT OF HRM PRACTICES ON TURNOVER INTENTION: THE CASE OF
ZEMEN BANK S.C.**

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**A Thesis submitted to Addis Ababa University, School of Commerce in partial fulfillment
of the requirements for the award of a Master's Degree in Human Resource Management**

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Declaration

I declare that this thesis (Effect of HRM Practices on turnover intention in Zemen Bank S.C.) is my original work. It has not been submitted for a degree in any other universities and all the materials used in this study have been duly acknowledged.

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School of Commerce

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CERTIFICATE

This is to certify that Kalekrstos Shiferaw, Student of MA in Human Resource Management, Addis Ababa University, School of Commerce, has been working under my supervision and guidance for this project work. His project work entitled "**The Effect of Human Resource Management Practices on Employee Turnover Intention: the Case of Zemen Bank S.C.**" which he has now submitted is genuine and original work.

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ABSTRACT

This study intends to examine effect of HRM practices on employee turnover intention in Zemen bank S.C. Multi stage sampling was used to select a sample size of 262. The study used primary data collected through questionnaires. Both descriptive and inferential statistical techniques were used to analyze the data. The finding indicates that, Career development opportunities and reward and recognition aspects of HRM practices are more significant in leading to employee turnover intention in Zemen Bank S.C. Hence, change in reward schemes and transparent application of career growth opportunities strongly recommended.

Key Words: Human resource management practices, Turnover Intention, Zemen Bank

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CHAPTER ONE

INTRODUCTION

This chapter deals about background of the study; statement of the problem; objectives of the study; significance of the study; scope of the study; limitations of the study; operational definition of key terms, and organization of the study.

1.1. Background of the Study

Organizations are always searching for talented employees and spend time and money on their employees to secure competitive advantage in the market. According to Haider, et al. (2015) it is more important retaining competent employees than hiring though it is challenging due to increased competition.

Human Resource Management aims to ensure that the organization obtains and retains the skilled, committed and well-motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities (Becker *et al*, 1997).

There are different human resource (HR) practices employed by the organization to increase the retention level (Khan et al., 2014).It is imperative for an organization to develop an environment within the organization to motivate employees to stay in the organization. The organizations are also concerned about the costs associated with employee turnover, which is usually 2.5 times greater than the salary of an individual. However, organization facing employee turnover may not bear the cost of this situation in monetary terms only. If we assume that the overall workload remains constant, the short time burden on the remaining employees will increase and will have a negative impact on their motivation. In long run the organization losses the long-time employees that possess specific knowledge, know-how and skills (Yamamoto, 2011).

According to Haider, et al (2015), our world is currently experiencing stiff business competitions and business process outsourcing is on the peak – both demanding effective performance. Banks in Ethiopia are part of this and they try to consider employee retention as part of enhancing their competitive advantage. Turnover is becoming a critical human resource management issue within the Banking industry in Ethiopia as it affects productivity, product and service quality, and profitability.

Employee turnover can be caused by various factors which in turn can have impacts in the performance and the future of the bank. These factors can stem from the employer, the employees or both. According to Bean, (2009) employees' wages, company benefits, employee attendance, and job performance and organizational commitment are factors that play a significant role in employee turnover.

Marescaux et al. (2012) argued that soft human resource practices include five practices, which are: training, career planning and development, mentoring, employee involvement and participation, as well as developmental assessment. These factors are also crucial in banking sector. It is stated by many scholars that in turnover process even if employees usually points out one factor for their turnover choice, there are always more factors on the back hand that works as a driving force for that factor (Jaffari, 2011)

This study, hence, investigates effect of selected human resource management practices (Remuneration and recognition, training and development, and challenging employment assignments and career opportunities) identified by Chew (2004), on employee turnover intention in the case of Zemen Bank S.C.

1.2. Background of the Organization

Banking industry is one of key players in financial markets operations. It plays an important role in keeping a country's economy and massively contributes for GDP growth of the nation.

Provision of good quality of services, high productivity, and gaining profits are among major goals of an industry including banks (Abbasi et al, 2000).

Competition in the banking industry has indisputable effect on financial stability and economic growth (Khatri, 1999). A report by the National Bank of Ethiopia (NBE), which is the regulatory authority in the industry, reveals that private banks increased in number from 3 in 1991 to 16 in 2012. Currently, there are also more than ten private banks under formation after getting a license from the supervisory organ. These banks, indeed, created a lot of employment opportunity to the nation's workforce but they are also challenged by the incidences of employee turnover.

Employee retention consists of procedures through which employees are boosted to become part of the organization for a longer period of time until he/she gets retired or until the project gets completed. For achieving individual as well as organizational goals, it is very much essential to retain talented employees. The HR manager must know how to attract and keep good employees because these are the employees who can make or break the organization's goodwill (Wisnefski, 2008; Rasli et al., 2014).

Zemen Bank was founded in 2008 with a vision of being different—in both style and in substance—from all Ethiopian banks that came before it. By pursuing these distinctive approaches, the Bank branded itself as a dynamic new entrant to the market. All these elements were also captured in the Bank's adopted symbol—a charging bull—which stood for its aggressive and innovative positioning within the Ethiopian industry, its desire to challenge the status quo, and its hint at world-class banking standards along the lines of Wall Street banks with similar logos.

According to the annual report of the Bank for 2018/19, the Bank's overall performance during the fiscal year under consideration was quite impressive in light of achievements of key performance areas in that it registered an 86% growth from the previous year. It was further

stated in the same report, that such outstanding performance of the Bank was the result of a change in top management, in connection with which the Bank's board of directors assigned new CEO and cost reduction strategy was put in place. Zemen Bank has a vision to be Ethiopia's five Star Bank'.

Zemen Bank provides various service products to its clients. These major activities are domestic banking service with a minimum deposit requirement of 5,000.00 Birr, International Banking services, Doorstep banking service (Cash pickup and delivery), Automated Teller Machines, Point of Sales, Mobile and Internet Banking Services as well as credit facilities.

1.3. Statement of the problem

Employee attrition has always been a matter of concern for all type of organizations including banks. Large number of employee attrition may be unfavorable to both the banks as well as the employees. High attrition can harm a business's ability to retain customers and customer service quality and also leads to low productivity (Mabindisa, 2013).

According to a report by the Ethiopian Business Review (2nd year, July 2014, No. 16), some Banks in Ethiopia are taking steps that would improve retention of their skilled labor force. Though the competitive nature of the financial industry still challenges them, it is believed that the improved payment and retention packages are reducing the staff turnover.

In Zemen Bank, however, it is observed that senior employees are leaving the bank including the Directors and vice presidents in contrary to its mission of to ensure for its staff an engaging, rewarding, and attractive work environment alongside a best-in-industry compensation scheme.

The turnover rate exhibited in the Bank under study during the 2014/15 – 2018/19 fiscal years is shown in the following table. Despite the fact that the Bank set a maximum attrition rate of 4% in its strategic plan, the percentage was high except the recent year.

Table 1.1. Turnover rate at Zemen Bank S.C. from 2014/15-2018/19

No	Year	Employees who left the Bank	Total Employees	Attrition Index
1	1/7/2014 - 30/6/2015	67	434	15.44%
2	1/7/2015 - 30/6/2016	46	565	8.14%
3	1/7/2016 - 30/6/2017	49	735	6.67%
4	1/7/2017 - 30/6/2018	65	719	9.04%
5	1/7/2018 - 30/6/2019	42	885	4.75%

Source: Zemen Bank, Human Resource Management, February, 2020.

Beletshachew Zerihun has studied the turnover intention in Birhan Bank S.C. in 2017. She tries to see the turnover intention on employees who work more than two years and limited to Addis Ababa only. Other studies by Birknesh Gemechu and Denknesh Tsegaye have been conducted in CBE. Both of them tried to see the turnover intention in Addis Ababa and uses same independent variables this includes salary and benefit packages, Employee relationship with management, career growth, Job related factors and work environment to identify factors influencing employee turnover intention.

Although there have been studies on turnover intention all of them have been conducted by limited to Addis Ababa. Moreover training and development as well as challenging employment assignments were not considered as independent variable. Therefore, mine is different in this regard and considering employees working other than Addis Ababa. Hence, to the best of my knowledge, research that relates attrition with HR intrinsic and extrinsic factors of the Bank's employees across the nation has never been conducted. This study, is therefore, aimed at investigating the effect of the selected human resource management practices (Remuneration and recognition, training and development, challenging employment assignments and career opportunities) on employee turnover intention at Zemen Bank S.C.

1.4. Research Question

The study tries to investigate effect of human resource management practices on turnover intention in Zemen Bank S.C. Based on the following basic research questions.

1. What is the level of turnover intention in Zemen Bank S.C.?
2. How does the reward and recognition practice of the bank affect employee's turnover intention?
3. How do the training and development practice of the bank affect employee's turnover intention?
4. How challenging employment assignments and career opportunities affect attrition rate in Zemen Bank S.C.?

1.5. Objective of the Study

1.5.1. General Objective

The research has a general objective to examine the effect of both extrinsic and intrinsic human resource factors on attrition in Zemen Bank S.C.

1.5.2. Specific Objectives

The study has the following specific objectives:

- To determine employees' intention to turnover in Zemen Bank S.C.
- To assess the extent HRM Practices in Zemen Bank S.C.
- To study the relationship between HRM Practices and employees' intention in Zemen Bank S.C.
- To study the effect of HRM Practices on employees' turnover intention in Zemen Bank S.C.

1.6. Significance of the study

It is expected that the findings of this study helps management of the banks, particularly human resources managers to have a clear understanding on the effects of human resource practices on employee turnover intention in Zemen Bank S.C. and this helps them to design the appropriate strategies to minimize employee attrition.

Moreover, this research can be used as baseline for future researchers to identify in detail the employees' perspective on attrition. The valuable piece of information will also help to improve the benefits and welfare of other bankers and hence supports the banking industry to revitalize their retention program.

1.7. Scope of the Study

The scope of the study delimited to Zemen bank S.C. only by taking sample from the targeted population beginning from clerical staffs and investigates the effect of only the human resource management factors identified by Chew (2004). These are Remuneration and recognition, training development, challenging employment assignments and career development opportunities.

All city and outlying branches that has been operational before June incorporating head office staffs included in the scope of the study who are working on professional, supervisory and managerial positions only.

1.8. Limitation of the Study

Regardless of the various aspects of the causes of attrition, the research is limited to the employees' perception only on the selected human resource practices except non clerical employees who are excluded from the study since they are outsourced.

1.9. Operational Definition of Key terms

Turnover Intention: Refers to the voluntary tendency of the employee to leave the bank due to various reasons.

HR Practices: In this study it implies only Reward and recognition, Training and development, challenging employment assignments and career development practice of the Bank.

1.10. Organization of the Study

The paper is organized into five sections. Chapter one discusses the introductory part which comprises Background of the Study, Background of the organization, Statement of the Problem, General and specific Objectives of the Study, Research Questions, Significance of the Study, Scope of the Study and Limitation of the study. Chapter two presents a review of available literature related to the study. Chapter three describes the methods of the study. Chapter four is for the analysis and interpretation of the research results/ findings and discussion of those results and finally chapter five refers to the conclusion of the research findings and recommendations which are aimed at addressing the research questions posed based on the statement of the problem.

CHAPTER TWO

LITERATURE REVIEW

In this part of the study, the researcher has reviewed related literatures. This chapter includes the theoretical review, empirical review from previous related works and finally conceptual framework has formulated.

2.1. Theoretical Review of Literature

2.1.1. Definition of Human Resource Management (HRM)

Human resource management is directly involved in the development and implementation of policies and practices that affect all the employees in an organization. They include organizational strategies for knowledge management, people management, talent management, recruitment and selection, employee welfare, equal opportunity, health and safety, human resource administration and statutory requirements management (Armstrong, 2008). Armstrong (2008) continues to argue that human resource management is mainly concerned with recruitment and selection, performance management, human resource planning, training and development, reward management and employee relations.

A more comprehensive definition was offered by Watson (2010: 919): Human resource management is the managerial utilization of the efforts, knowledge, capabilities and committed behaviors that people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way that enables the enterprise to continue in the future.

It is concerned with all aspects of how people are employed, managed and developed in organizations. As Boxall (2013:13) pointed out: 'Human resources include the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations.' HRM is delivered through the

human resource (HR) architecture of systems and structures, the HR functions and, importantly, line management.

2.1.2. Human Resource Management practices

Various perspectives of strategic human resource management identify different best human resource practices. According to universalistic perspective employment security, selective hiring, self-managed teams, high compensation contingent on performance, extensive training, reduction of status differentials and sharing information constitutes best human resource practices (Pfeffer, 1994). The universalistic approach states that there is an identifiable set of best practices, which when executed could lead to organizational improvements (Kochan & Osterman, 1994).

The contingency perspective, on the other hand, states that organizations Human Resource (HR) policies must be consistent with other aspects of the organization. So that, an organizations set of human resource management policies and practices will be effective if it is consistent with other organizational strategies (Arthur, 1994; Youndt et al., 1996).

Several human resource practices together may be more appropriate because they fit together to mutually support a defined set of employee behavior, according to the configurationally perspective (Becker and Gerhart, 1996).

The contextual perspective of strategic human resource management argues that the mutuality of interest is considered as a necessary requisite for the maintenance of the organizations position in the long term. Hence, in contextual perspective not only of its internal working and how it can reinforce the achievement of business goals, but also of its influence on the external and organizational context affects.

Regardless of the different ideologies, there are a number of common human resource management practices that are overlapping in these approaches in improving organizational commitment and intention to stay. Therefore, the common factors across the above three

approaches which were identified as important human resource management factors by Chew (2004) through Delphi technique and interview, have been considered variables improving commitment and intention to stay. These includes: Remuneration and recognition, opportunity to work on challenging assignments, and access to training and development and career opportunities.

2.1.3. The concept of Turnover

Employees' turnover is a much studied phenomenon Shaw et al. (1998). But there is no standard reason why people leave organization. Employee turnover is the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment Abassi et al. (2000).

The term "turnover" is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Frequently, managers refer to turnover as the entire process associated with filling a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover Woods, (1995) as cited in Ongori (2007: 49).

2.1.4. Factors that leads to attrition

There are pull and push factors that could lead to employee turnover. Employees are pulled to resign by lots of remarkable opportunities outside the organization or whether they are pushed due to the level of job satisfaction in the organization.(Arnolds and Boshoff, 2004; Bagraim, 2003).

Pull Factor

Series of reasons that attract the employees to a new work place are pull factors. Better compensating job and if there is an advanced opportunity for career growth than the existing

place of employment then employees resign to enjoy better way of life expecting to gain new benefit packages than staying at the current job. Besides, there are broader notion of career development, that wish to move into new areas of work for which there are better practical questions commuting time. (Wasti, 2003)

Push Factors

Dissatisfaction in the current job 'pushed' employees to search for alternative employment. Employees seek to see other choices, talking to recruiters, looking a vacant job advertisement in every possible channel of advertisement. In some scenario employees may even leave without having secured a new job. A wide range of reasons can be counted to explain such resignations. Boredom, absence of development opportunities, low level of employee involvement, ineffective supervision and straightforward personality's disputes are the most common accelerating factors for the employees to leave their job. (Wasti, 2003)

2.1.5. Types of Attrition

Staff turnover have both positive and negative impact in an organizations performance. Organization should differentiate between voluntary and involuntary turnover for the well-being of the organization and take actions on the one that they have control.

Voluntary turnovers are those initiated by the employee him/herself. This is, for instance, due to better rewards or job titles but can further classifies as functional and dysfunctional turnovers while involuntary turnovers may relate to dismissal or decisions of management to reduce or terminate employees from work.

Those employees who perform below the set standard may resign and this is called functional turnover. The utmost concern of the management team shall be when effective performers exit the organization since its adverse effect on the organizations well-functioning can be illustrated as well and referred as Dysfunctional turnover. It could be either minimized by adjusting the

compensation scheme and by creating conducive working environment this type of voluntary attrition considered as avoidable or it could be unavoidable that arise due to family relocations, series illness and death and the like. Therefore, management should give special attention to avoidable attrition over which it has control and improves the situation and to retain staffs. (Stephen, 2004)

2.1.6. Effects of Attrition

There is some debate in the literature about how far employers should be concerned about turnover levels. Some writers have emphasized the potentially positive effects of a continuous transfusion of fresh blood into the organization. As cited by (Hom and Griffeth 1995) draw attention to research that has shown functional turnover to be commoner than the dysfunctional form. The net result is an improvement in productivity as poorer employees quit, leaving a higher proportion of good performers to enhance organizational effectiveness. They also note that high turnover gives employers more opportunity to promote and develop valued staffs and reduces the need to make costly redundancy when there is a downturn in business.

As Mobley (1982) stated that whether the turnover is voluntary or involuntary organizations has to bear following costs as recruiting, hiring, training, retaining, loss of productivity during replacement search, loss of high performers and disruption of social and communication structures of organizations. Similarly Shaw, Gupta, & Delery (2005) said employee turnover is a loss in terms of financial and institutional memory. Similarly Achoui and Mansour (2007) identified both positive and negative effects of employee attrition. Negative consequences includes cost both tangible like recruitment, selection, training and production lost and intangible cost like moral impact, workload impact and performance disruption. The other costs are less discernable and harder to estimate but may entail large negative impacts on organizational effectiveness such as lost of customer, business and damaged morale (Heneman and Judge, 2009).

Employees may take customers away from an organization if they have a good working relationship upon leaving their current employer will be lost as employees leave. Staff turnover could have a negative impact on remaining employees' morale, which may influence them to leave. In addition, De-motivated employees may become frustrated or defensive in their work and feel isolated from their colleagues, which create a hostile and an unworkable environment. Companies could face poor productivity and dissatisfied customers if they do not address these issues.

Organizations are nothing without its employee and difficult to survive in a competitive environment; hence, managers should play a big role to achieve the objectives of the organizations and treating their employees as one of their assets which needs a lot of attention (Samuel and Chipunza, 2009).

2.1.7. Retention Mechanism

According to Penna research report (2007) meaning at work has the potential to be valuable way of bringing employers and employees closer together to the benefit of both where employees experience a sense of community, the space to be themselves and the opportunity to make a contribution, they find meaning. Employees want to work in the organizations in which they find meaning at work. Penna (2007) researchers have also come up with a new model they called "Hierarchy of engagement" which resembles Maslow's need hierarchy model. In the bottom line there are basic needs of pay and benefits. Once an employee satisfied these needs, then the employee looks to development opportunities, the possibility for promotion and then leadership style will be introduced to the mix in the model. Finally, when all the above cited lower level aspirations have been satisfied the employee looks to an alignment of value-meaning, which is displayed by a true sense of connection, a common purpose and a shared sense of meaning at work.

Herzberg (1959) two factor theory as cited in BassettJones and Lloyd (2005) provided a theoretical background for this study. Herzberg argued that employees are motivated by internal

values rather than values that are external to the work. In other words, motivation is internally generated and is propelled by variables that are intrinsic to the work which Herzberg called “motivators”. These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely results from non-job related variables (extrinsic). These variables were referred to by Herzberg as “hygiene” factors which, although does not motivate employees; nevertheless, they must be present in the workplace to make employees happy. The dissatisfiers are company policies, salary, co-worker relationships, and supervisory styles (Bassett-Jones and Lloyd, 2005, p.929).

Herzberg (1959) as cited in Bassett-Jones and Lloyd (2005) argued further that, eliminating the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would result in a neutral state. Motivation would only occur as a result of the use of intrinsic factors.

Empirical studies (Kinnear and Sutherland, 2001; Meudell and Rodham, 1998; Maertz and Griffeth, 2004) have, however revealed that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were cited by employees as key motivational variables that influenced their retention in the organizations. The implication of this therefore is that management should not rely only on intrinsic variables to influence employee retention; rather, a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy, as cited in Samuel and Chipunza (2009: 411)

2.2. Empirical Review of Literature

2.2.1. Remuneration and recognition

Adequate and flexible benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that benefits are one of the top reasons why employees choose to stay with their employer or to join the company in the first place (Lockhead and

Stephens 2004). Unequal or substandard wage structures fall under this category as well. When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. If they are paid less than other employers for similar work, employees are likely to quit for higher pay, if other factors are relatively equal (Handelsman, 2009).

Employees always look for companies who offer more benefits and compensation package. The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well and availability of higher paying jobs facilitates their decision to leave the job and organization. Firth et al., (2004) says that workers, whose salaries fall in short of the going market rate, may feel undervalued at their current companies and look for a company that will pay them what they're worth.

Manu et al. (2004) argue that employees quit from organization due economic reasons. Using economic model they showed that people quit from organization due to economic reasons and these can be used to predict the labor turnover in the market. So, good local labor market conditions with availability of alternative and high paying organizations will drive turnover.

Therefore, employees are motivated to adopt the right form of behavior with the belief that performance will lead to better rewards. Employee rewards may be looked at as total reward which refers to the compensation which an employee receives from an organization for rendering his or her services (Jiang et al, 2009). It includes all the financial and non-financial benefits that are given by an organization to its employees.

Danish and Usman (2010) in a study to determine the impact of reward and recognition on job satisfaction and motivation of employees from both private and public sectors organizations in Pakistan found that rewards and recognition were positively related with motivation. They concluded that effective rewards management leads to increased employee motivation and commitment.

Gallup Organization conducted an extensive study (whereby 80,000 managers gave their responses) on the factors contributing to the quality of workplace. This study has found that recognition is a critical source of employee satisfaction and retention (Buckingham & Coffman, 1999).

2.2.2. Opportunity to work on challenging assignments

Organizational theorists have suggested that job enrichment initiatives need to be created for a productive workplace to exist. Individuals who prefer challenging assignments in their career tend to be high in cognitive abilities (Trank *et al*, 2002). One way of achieving this is to focus on rapid promotion so these high achievers can work on more challenging assignments (Frank and Cook, 1995; Kanfer and Heggstad, 1997). In addition, the provision of adequate performance feedback is important for the creation of a productive environment in which employees can achieve their personal and organizational objectives (Furnham, 2002).

An opportunity to work on challenging assignment has been shown to be positively related to organizational commitment and intention to stay. For example, studies (e.g. Idaszak and Drasgow, 1987; Pil and Macduffie, 1996; Price and Mueller, 1981; Udo *et at.*, 1997; Workman and Bommer, 2004) involving technical workers have found that employees who are offered challenging, exciting and interesting work tend to be more involved and satisfied, and are in turn more committed to their organization and are less likely to leave their organization. One possibility why employees might hold such attitudes is that career management leads to a fulfillment of psychological contract (Sturges *et al*, 2005). This belief is based on the social exchange theory (Blau, 1964), where as long as an organization is able to fulfill an employee's expectations of career mentoring and development, the employee will reciprocate by showing greater commitment and lower turnover intention (Chen *et at.*, 2004).

2.2.3. Career Development Opportunity

According to Larson (2004) career progress creates stress on employee's understandings of the worth of his or her career prospects. Obstacles in career development can appear at any time during an employee's employment period which serves as stressor for them. These stressors can include an array of problems like being stuck at a position, without any hopes of progress or threats of downsizing (Smith and Cooper, 1994). High employee turnover could also be due to no potential opportunity for advancements or promotions. Employees prefer other companies which may provide them with higher posts and increased compensation packages (Rampur, 2009).

Irshad (2009) in his study finds that training and career development was found motivating factor which leads to retention. Besides Phillips & Connell (2003) concluded that provision of development opportunities for individual employee is vital for the organization in order to enhance employees' proficiencies and improve their chances of getting higher posts. Employee training is also an inference of management dedication to build a life-long relationship with the employees thereby influencing their turnover decisions (Wright, McMahan and McWilliams, 1994).

2.2.4. Training and Development

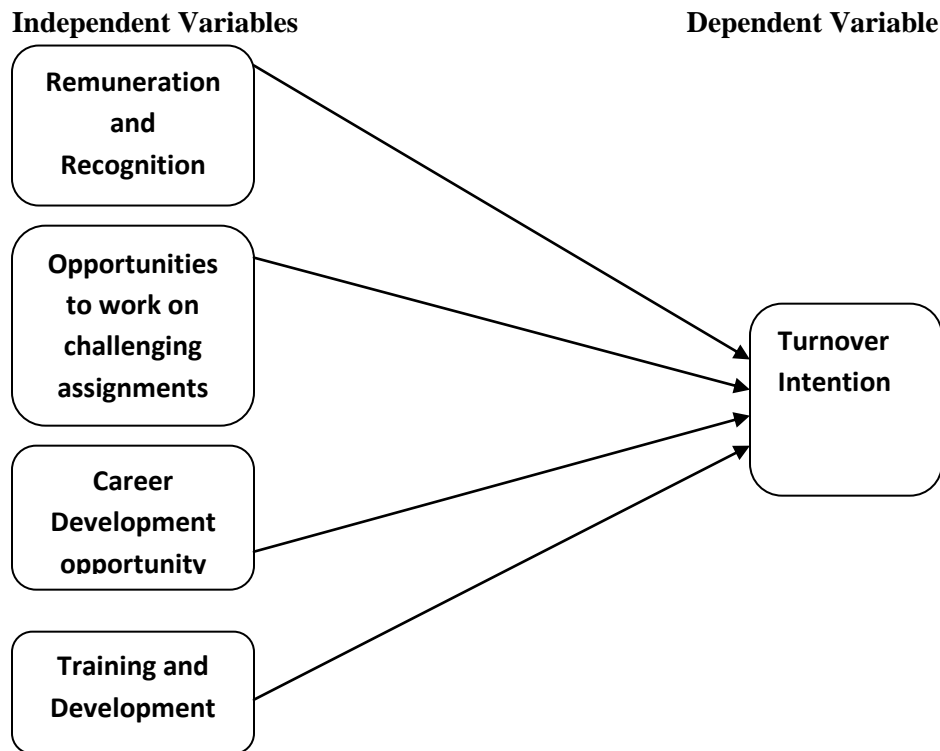
Training and development programs can increase retention when they meet the needs of the employees (Montgomery, 2006). Meeting employee needs through training programs occur when the information provided is perceived as useful, applicable and desirable by them. He further suggests that the keys to employee retention are skills development, competence of management, and rewards both psychological and financial. Organizations need to pay serious attention for their investment in training and development if they want to retain their key employees. A successful retention strategy must include training (Roberts and Outley, 2002). Training helps to create an urge among the employee to stay in the organization for a longer period. Professional training and career development programs should be an essential part of the organization policies. The organizations should encourage employees to participate in training programs.

Organizations are now greatly interested in career development programs. Studies on HR practices reveal that these programs are of great help for employee development (Paul and Anantharaman, 2003). The organization can increase the employee commitment with the help of these programs. This commitment will increase the personal productivity. Barringer et al. (2005) made a comparison between the firms with rapid growth and slow growth firms. Their study revealed that the organization with a rapid growth heavily rely on the abilities of their employees. These employees put their efforts to uphold the growth oriented strategies of the organization. To achieve strategic objectives, growing firms widely use training programs for their employees. They emphasize upon employee development as compared to their non-growing competitors. Hence, training and employee development programs are quite common in growing organizations. Miller (2006) is also of the same view and suggests having more focus on the policies and practices contributing to staff retention.

2.3. Conceptual Framework

The following conceptual framework adopted from Chew (2004) is used in this study.

Figure 2.1. Model for the Conceptual Framework



Source: Self developed based on literature.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter provides research methodology that was used to collect data for the study, study design and approach, data types, sources and methods of data collection, target population and sample design, data analysis techniques and presentation. The study adopted the quantitative and qualitative research design. In order to identify the factors that influence employee intention to turnover via questionnaires from employees of the Bank.

3.2. Research Design and Approach

A research design stands for advance planning of the methods adopted for collecting the relevant data and the techniques used in their analysis, keeping in view the objective of the research and the availability of staff, time and money (Kothari, 2004). To achieve the stated research objectives, the study adopted mixed research approach. Mixed research approach is procedures for collecting, analyzing, and mixing both quantitative and qualitative data in a single study or in a multiphase series of studies (Creswell, 2012). This study utilized explanatory research design to answer the research questions through survey using a questionnaire.

3.3. Data types, sources and methods of data collection

For the purpose of this study primary data was used. Primary data was collected using questionnaire from professionals, supervisors and managerial staffs of the bank. The questionnaire based on the mentioned research questions. This is because questionnaires are advantageous in collecting large number of data from large number of respondents and help respondents to fill the questionnaires at their convenient time without the interviewer bias.

The measurement instrument used for the purpose had been the questionnaire. The questionnaire consists of two main sections.

In the first section, there were six questions about demographic characteristic of the respondents (gender, age, Job position, educational qualification, service year and marital status).

The second section includes the intrinsic and extrinsic factors that contribute for employee attrition or retention. The questionnaire was adopted from Chew (2004), Weiss et al (1967), Rhoades et al. (2001), and Cummann et al. (1979), and which was slightly modified in this study.

In the questionnaire a five point Likert scale was used. All the questions were closed ended. For the HRM practices scale respondents were asked to make a '√' mark on their response to each statement according to the five-point scale labeled at each statement that reflect their own agreement and disagreement of the statement ranging from 1 up to 5points, representing: 1 for Strongly Disagree, 2 for Disagree, 3 for Neutral, 4 for Agree and 5 for Strongly Agree.

3.4. Target population and Sample Design

Zemen Bank categorizes all its employees under five categories namely: Executives, Managerial, and Supervisory, professional & non professional workers. The first four categories include those employees who work clerical activities while that included in the last perform non-clerical activities.

The target population for the study consists of only the managerial, Supervisory and professional worker of the bank working under various banking centers including the outlying branches and employees working at the head office under different departments. Hence, the total target populations for this study was 754.

A probability sampling method was used to select the participants from the population. In probability sampling, all people within the research population have a specifiable chance of

being selected. These types of sample are used if the researcher wishes to explain, predict or generalize to the whole research population (Dawson, 2002). Multiple stage sampling used to select the sample respondents. The employees working in the Bank has been categorized in stratum based on Job assignments. The first stratum contains employees working in the Head Office and the second stratum contains employees working in city banking centers and the third stratum includes employees working in the outlying branches.

The sample excludes two categories namely the executives and non professional workers as the executives are the ones responsible for policy making and implementation of rules and regulations decided by the Board of Directors, while the non professionals are outsourced staffs. Sample will be taken randomly from each department and branches proportionately based on number of staffs they hold.

Using Yamane (1967) sample size determination formula, a sample of 262 was selected for the study at 95% confidence level. A proportionate stratified sampling technique was used to draw sampling units from each stratum is in proportion to the population size of that stratum.

$$n = N / (1 + Ne^2)$$

Sample Size for $\pm 5\%$ Precision Levels where Confidence Level is 95%

Where,

n = Sample size

N = Study population

e = Level of confidence

$$n = N / (1 + Ne^2)$$

$$= 754 / (1 + 754 * 0.05^2)$$

$$= 262$$

Table 3.1. Population of employees in target study areas

No.	Target population area	No of employees	Proportionate sample
1	Corporate and Institutional Banking	17	6
2	Credit	19	7
3	Engineering Division	7	2
4	Facility Management	53	18
5	Finance	30	10
6	Human Resource	13	4
7	IBD	28	10
8	Internal Audit	9	3
9	IT Departments	44	15
10	Knowledge & Innovation	7	2
11	Legal	7	2
12	Multichannel Banking	44	15
13	PPR	4	1
14	Risk & Compliance Mgt.	10	3
15	Personal and Business Banking	5	2
16	City Banking Centers (Branches)	305	107
17	Outlying Banking Centers(Branches)	152	55
	Total	754	262

3.5. Data analysis and presentation

The data from the survey questionnaires were analyzed quantitatively using The Statistical Package for the Social Sciences (SPSS for Windows, Version 20.0). To describe the personal and job related profile of the respondents, frequencies and percentages has been calculated. The responses on the independent and dependent variables was summarized and described using the central measure of tendency of mean and standard deviation for measuring variability by recoding the responses from 1 to 5.

To see the strength of the relationship between the independent and the dependent variables a correlation analysis has been done. Multiple regression analysis, on the other hand used to determine the value of the dependent variable with respect to any value of the independent variable.

Pearson correlation analysis was conducted using SPSS in order to establish if a relationship existed between turnover intention and independent variables. Correlation analysis measures the degree of a relationship between two variables and expresses the extent of this relationship by means of correlation.

Measures of correlation indicate both the strength and direction of the relationship between variables. The statistic calculated is the Pearson correlation coefficients (r) and varies between -1 and +1. The nearer the value of r is to zero, the weaker the relationship, and the closer to unity (- or +), the stronger the relationship. The sign of the Pearson correlation coefficient indicates the direction of the relationship, and its absolute value indicates the strength, with larger absolute values indicating stronger relationships (Ruud et.al. 2012).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the demographic characteristics of the respondent descriptive and inferential analysis of the findings using the central tendency measurement mean and standard deviation along with percentiles.

4.1. Response rate of respondents

Table 4.1. Respondents' response rate

<i>Questionnaires Distributed</i>	<i>Questionnaires Returned</i>	<i>Percentage</i>
262	226	86.25%

Source: Survey data, 2020

As shown in table 4.1 above, about response rate, 262 questionnaires were distributed and 226 were appropriately filled and returned. Based on this sample size 86.25% the next analysis is carried out.

According to Kothari (2004) claims that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This indicates that according to this claim; the response rate in this case of 86.25% is very good.

4.2. Respondents demographic characteristics

Table 4.2. Respondents' demographic characteristics

No	Factors	Categories	f	%
1	Sex	Male	162	71.68
		Female	64	28.32
2	Age	20-29	152	67.1
		30-39	65	28.8
		40-49	8	3.6
		50 and above	1	0.5
3	Position	Professional	186	82.3
		Supervisory	19	8.4
		Managerial	21	9.3
4	Educational level	Diploma	3	1.3
		1 st Degree	163	72
		2 nd degree and above	60	26.7
5	Work experience	Below 2	69	30.9
		2-6	87	38.6
		6-10	44	19.6
		Above 10	26	10.9
6	Marital Status	Single	140	61.7
		Married	85	37.8
		Divorced	1	0.5
		Widowed	0	0

Source: Survey data, 2020

As indicated in table 4.2 above, concerning gender distribution of the respondents, 71.68% were males whereas 28.32% females. This shows that the dominant gender in Zemen bank work force is Male.

According to the age of respondents, as shown in the table 4.2.above, 95.9% were in age group of below 40 and only 0.5% was above the age of 50. This clearly depicts that the employee of Zemen Bank constitutes a productive, active and energetic group which is good if the organization can properly utilizes this productive work force group.

As table 4.2 reveals, regarding marital status of respondents, 61.7% were single and the remaining 37.8% and 0.5% were in a status of married and divorced respectively. This indicates that dominated of single status.

Regarding the work experience of the respondents, as shown in the table 4.2 above, the dominant share were taken by respondents with work experience of below six years. This is related with the age composition of the employees since most of the respondents were in productive age group.

As illustrated in the table 4.2 above, concerning educational level of respondents, except three respondents, all were qualified with First Degree and above. This is common in current banking industry for positions of professional and above.

On the other hand, most employees are professional. This has an implication that the majority of the respondents look forward for better job position and promotions which has intact with better benefit packages and salaries.

4.3. The extent HRM Practices in Zemen Bank S.C.

Various statistical data analysis tools like percentile and frequency were used to analyze the survey data collected through questionnaire.

4.3.1. Reward and Recognition

Table 4.3: Response on Reward and recognition statement

Reward and Recognition Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	S.D
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
Employees are given positive recognition when they produce high quality work	4	1.8	20	8.8	63	27.9	113	50	26	11.5	226	100	3.61	0.8691
The amount of pay I receive is equal to others doing similar work in other banks	48	21.2	82	36.3	40	17.7	50	22.1	6	2.7	226	100	2.49	1.1323
The Bank offers a good benefit package compared to other Banks in Ethiopia	19	8.4	80	35.4	57	25.2	59	26.1	11	4.9	226	100	2.83	1.0601
The Bank values individual excellence over teamwork	10	4.4	57	25.2	81	35.9	70	31	8	3.5	226	100	3.04	0.9396
The Bank offers good opportunities for promotion	14	6.2	68	30.1	64	28.3	75	33.2	5	2.2	226	100	2.95	0.9854

Source: Survey data, 2020

As indicated in Table 4.3 above 61.5% of the respondents believe that the Bank gives positive recognition when they produce high quality work while 10.6% does not agree with this statement. The rest (27.9%) however said that they are neutral in the matter.

Beyond half of the respondent (57.5%) said that the amount of pay they received is not equal to others doing similar work in other banks. Others (24.8) have said that they do have similar payment with other bank staffs who are working on same area.

Regarding the bank's offer of benefit package compared to other banks seems better than the salary payment. Since the respondents have better agreement on this issue by expressing their agreement which is 31% (70 of the respondents) while still 43.8% and 25.2% do not agree and prefers neutral responses respectively.

Below the average number of respondents (34.5%) that agreed the bank's effort to value the individuals excellence over teamwork. Nevertheless, 29.6 % (67 respondents) have different instance and the remaining 35.9% also have neutral response.

The opportunity for promotion in Zemen Bank according to the respondents almost equal number (80 and 82) have different illustration by giving agreed response and disagreed responses respectively and still 64 respondents are in between.

Based on the responses of the employees it can be concluded that, in Zemen Bank there is a salary differentiation for jobs with similar responsibilities.

According to Handelsman (2009), when two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. If they are paid less than other employers for similar work, employees are likely to quit for higher pay, if other factors are relatively equal.

4.3.2. Opportunities to work on challenging assignments

Table 4.4: Response on opportunities to work on challenging assignments

Opportunities to work on challenging Ass. Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	S.D
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
Employees are offered more challenging work within the Bank	9	4	60	26.5	80	35.4	71	31.4	6	2.7	226	100	3.02	0.9211
Employees can work autonomously on their work assignments	2	0.9	30	13.3	46	20.4	136	60.1	12	5.3	226	100	3.55	0.8196
Employees are skilled to do a number of different jobs, not just one particular Job	6	2.7	25	11	30	13.3	128	56.6	37	16.4	226	100	3.72	0.9527
Employees are given opportunities to learn new things	8	3.5	41	18.2	62	27.4	92	40.7	23	10.2	226	100	3.36	1.0057
Employees are offered a good amount of variety of tasks	6	2.7	48	21.2	61	27	100	44.2	11	4.9	226	100	3.28	0.9399
I feel that the amount of workload is reasonable and sound	8	3.5	44	19.5	43	19	115	50.9	16	7.1	226	100	3.39	0.9919

Source: Survey data, 2020

As shown on Table 4.4 above, 30.5% of the respondent do not believes the presence of more challenging work within the bank whereas 34.1% believes that they are performing on more challenging work offers. Eighty respondents (35.4%), on the other hand, are feeling indifferent.

Regarding autonomous work of employees on their assignment has 65.4% have positive response while 14.2% is still demanding to work autonomously on their work assignments. The rest 20.4% have neutral response.

73% (165 respondents) Employees are skilled to do a number of different jobs, not just one particular Job. 13.7% (31 staffs) however are not confident enough that the employees are skilled to do various jobs while 13.3% (30 employees) said that they are in between to decide or do not know the situation.

Almost half of the respondent agreed that they get the opportunities to learn new things though 21.7% disagreed and the remaining 27.4% have neutral response.

As shown in the Table4.4 above below half of the respondent (49.1%) believes the presence of a good amount of variety of tasks though 23.9% not agreed and beyond one fourth of the respondent replied neutral.

The amount of work load is reasonable and sound in Zemen Bank according to the feeling of 58% of the respondent however 23% disagree on this statement and 19% said they are neutral on this response.

Based on the responses of the employees it can be concluded that, the practice of challenging assignments needs to be exhaustive in all job positions and there is a reasonable work load in the bank.

According to Bommer (2004), an opportunity to work on challenging assignment has been shown to be positively related to organizational commitment and intention to stay.

4.3.3. Career and Development opportunities

Table 4.5: Response on Career Development opportunities questions

Career Development opportunities Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	S.D
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
The bank arranges continuous training and development programs to enable my professional growth	15	6.6	60	26.6	45	19.9	89	39.4	17	7.5	226	100	3.15	1.0998
There are promotion opportunities and clarity in procedures for promotions	19	8.4	51	22.6	64	28.3	82	36.3	10	4.4	226	100	3.06	1.0504
Innovation and creativity are encouraged in Zemen Bank S.C.	15	6.6	34	15.1	88	38.9	71	31.4	18	8	226	100	3.19	1.0085
when there is promotion opportunity the consideration is equal for other employee	17	7.5	32	14.2	83	36.7	76	33.6	18	8	226	100	3.20	1.0298
The bank prefers internal staffs than external when there is vacant position	21	9.3	32	14.2	66	29.2	85	37.6	22	9.7	226	100	3.25	1.1063

Source: Survey data, 2020

We can see that Zemen Bank arranges continuous training and development programs to enable its employee's professional growth according to 46.9% of the total respondent. Nevertheless, 33.2% either disagree or strongly disagree with the presence of continuous training and development program arrangement and this implies that some of the employees are not part of this arrangement.

31% (70 of the total respondents) does not believe that the bank provides promotion opportunities and has clarity in procedures for promotions whereas 28.3% are still neutral on the matter and 40.7% have agreed and strongly agreed responses.

Employees prefer other companies which may provide them with higher posts. According to Rampur (2009), High employee turnover could be due to no potential opportunity for advancements or promotions.

Regarding innovation and creativity are encouraged in Zemen Bank S.C. highest number of the respondent (38.9%) choose neutral response which indicates there are no such situations experienced by most of the respondents. However, 6.6% and 8% of the total respondents select extreme negative and positive responses respectively.

As depicted in the Table4.5 above when there is promotion opportunity the consideration is equal for other employee based on 41.6% of the respondent. Which implies that, below half of the respondent that believes fair opportunity is being considered though to build a life-long relationship with the employees thereby influencing their turnover decisions demands the trustworthiness of the employee on the equal opportunity of career growth.

The bank prefers internal staffs than external when there is vacant position according to 47.3% of the total respondent. 23.5% however believes that the external staff gets priority than the internal staffs which is almost one fourth of the respondents and requires the attention of the Human Resource Departments selection procedure in filling vacant positions.

4.3.4. Training and Development

Table 4.6: Response on Training and development questions

Training and Development	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	S.D
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		

Questions														
The bank arranges continuous training and development programs	16	7.1	50	22.1	45	19.9	98	43.4	17	7.5	226	100	3.22	1.0931
People are properly oriented and trained upon joining the bank	10	4.4	19	8.4	42	18.6	114	50.5	41	18.1	226	100	3.69	1.0061
The training provided by the bank contributes to my knowledge and current Job	4	1.8	16	7	52	23.1	116	51.3	38	16.8	226	100	3.74	0.8815
There is a repetition of same trainings for a given Job position	6	2.7	59	26.1	101	44.7	47	20.7	13	5.8	226	100	3.01	0.8993

Source: Survey data, 2020

The bank arranges continuous training and development program and people are properly oriented and trained upon joining the bank as 68.6% of the total respondent response shows. While some of the respondents (12.8%) did not get the proper orientation and training when they join the bank.

The training provided by the bank contributes to the knowledge and current job of the employees as shown from the total respondents of 68.1% (154 persons). Which implies Zemen Bank gives training to its employee which is related to their job assignments.

Even though the bank provides training that contributes to the knowledge of the employee 26.5% of the total respondent participated in repeated same trainings for a given job position.

Table4.7: Summary of group mean and S.D. of HRM practices

Human Resource Management Practices	Aggregate Mean	Group Std. Deviation
--	-----------------------	-----------------------------

Reward and recognition	2.984	0.9973
Opportunities to work on challenging assignments	3.386	0.9384
Career and development opportunities	3.17	1.0589
Training and development	3.415	0.97

Source: Survey data, 2020

According to Zaidaton and Bagheri (2009) the mean score below 3.39 is considered as low, the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high as illustrated by comparison basis of mean of score of 5point likert scale. Thus, only the training and development practice of the bank has moderate mean score while the others have low mean score values. This implies that Zemen bank has to work on reward and recognition scheme, providing opportunities on challenging assignments and career growth while there is a moderate strength of the company specifically on training and development practices.

4.4. Employees’ turnover intention in Zemen Bank S.C.

Table4.8: Response on turnover intention

Intention of Turnover Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	S.D
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
I have intention to resign from Zemen within a shorter time	18	8	60	26.5	93	41.2	38	16.8	17	7.5	226	100	2.89	1.0229
Whenever I get a job in another bank definitely I leave this bank	14	6.2	66	29.2	75	33.2	43	19	28	12.4	226	100	3.022	1.1093
I am being dissatisfied working for Zemen due to different reasons, so	14	6.2	62	27.4	60	26.6	61	27	29	12.8	226	100	3.129	1.1377

I would probably look for outside opportunities														
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Source: Survey data, 2020

Based on the responses obtained from Table4.8.above, almost one fourth of the total participants (24.3%) have intention to resign Zemen Bank S.C. within a short time. While one third of the respondent are ready to leave the bank whenever they get a job in another Bank.

Despite the fact that 33.6% of the total respondent prefers to stay at Zemen Bank, 39.8% of the participant are dissatisfied working for it due to different reasons, so They would probably look for outside opportunities as depicted in Table4.8 above. This explains despite their intention to stay in the short run with the bank they would have the tendency to look outside Zemen Bank S.C as the last row of the above table shows.

4.5. The relationship between HRM Practices and employees’ intention in Zemen Bank S.C.

A correlation expresses the extent to which two variables vary together. A positive correlation means that as one variable increases so does the other. A negative correlation is when one variable increases as the other decreases. Correlations vary between -1.00 and +1.00; a correlation of 0.00 means there is no relationship between the two variables (Ruud et.al. 2012).

Table4.9: Pearson correlations result

Correlations					
	Reward	Leave intention	Opportunity	Career	Training
Reward					
Turnover		-.306**			

intention					
Opportunity	.412**	-.187**			
Career	.401**	-.306**	.449**		
Training	.222**	-.067	.317**	.568**	

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data, 2020

Correlation coefficient (r) from 0.01 up to 0.09 has negligible association, from 0.10 up to 0.29 the strength of the correlation is low, while between 0.30 and 0.49 is moderately associated, from 0.50 up to 0.69 substantial relationship indicated and 0.70 and above indicates very strong correlation (Joe W.Kotrlik et.al 2011).

As Table 4.9 above, there are significant statistical relationships between the dependent variable and the three independent variables namely; Reward and Recognition, Opportunities to work on challenging assignments and Career development opportunities though there is insignificant statistical relationship between turnover intention and Training and Development as per this study.

There are inverse statistical relationships between turnover intention and the independent variables which imply working on these variables minimizes the intention to leave the organization indicated by negative sign on the correlation table.

As the result on the Table 4.8 above, shows that the existing reward and recognition practice of Zemen Bank ($r=-.306$, $p < 0.01$) is moderate association and negative relation and statistically significantly. This means an increment in rewards will bring an increase in employees' intention to stay.

As the result on the Table 4.8 above, shows that the existing opportunities to work on challenging assignment in Zemen Bank ($r=-.187$, $p =0.05$) is low association and negative relation and statistically significantly. This means a better practice of this kind will bring a decrease in employees' intention to leave.

It also depicted that, career development opportunities in Zemen Bank currently ($r=-.306$, $p <0.01$) is moderate association and negative relation and statistically significantly. Indicating a better career development opportunities practice leads employees' to be loyal to the organization.

Therefore, the researcher concluded that, the turnover intention of Zemen Bank S.C. employees depends on Reward and Recognition, Opportunities to work on challenging assignments and Career development opportunities.

4.5. 1. Reliability test result

Cronbach's Alpha was used to test the reliability of the data with 95% confidence level.

Cronbach's Alpha	No. of Items
0.760	24

Source: Survey data, 2020

The result indicates that the value of Cronbach's Alpha 0.760 proving that the scale is indeed reliable (Hair et al. 1992).

4.5.2. Model Fitness Test

4.5.2.1. Multi co linearity Test

It assumes that predictors are not highly correlated with each other. Based on this assumption, it is tested using Variance Inflation Factor (VIF) statistic.

Table4.10: Multi co linearity Diagnosis

Model	Co linearity Statistics	
	Tolerance	VIF
(Constant)		
Reward and recognition	0.769	1.300
Opportunity to work on challenging assignments	0.706	1.417
Career development opportunities	0.542	1.846
Training and development	0.666	1.501

Source: Survey data, 2020

As shown on Table 4.10.above, all tolerance levels are above 0.2 (Menard, 1995), and VIF is below 10 (Myers, 1990) proving that multi co linearity does not exist.

4.5.2.2. Homoscedasticity test

According to Tabachnick and Fidell (2001), this assumption requires that the variance of error terms is similar across the independent variables. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value.

As depicted below on Fig 4.4, the distance from the line to the dots is constantly similar and this confirms the presence of homoscedasticity.

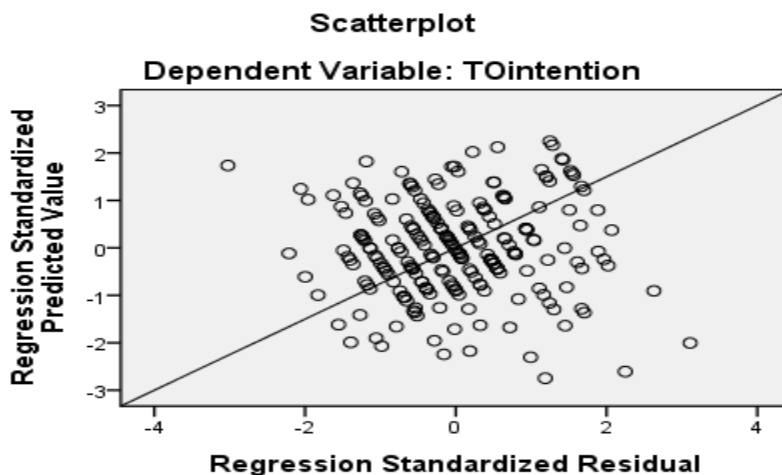


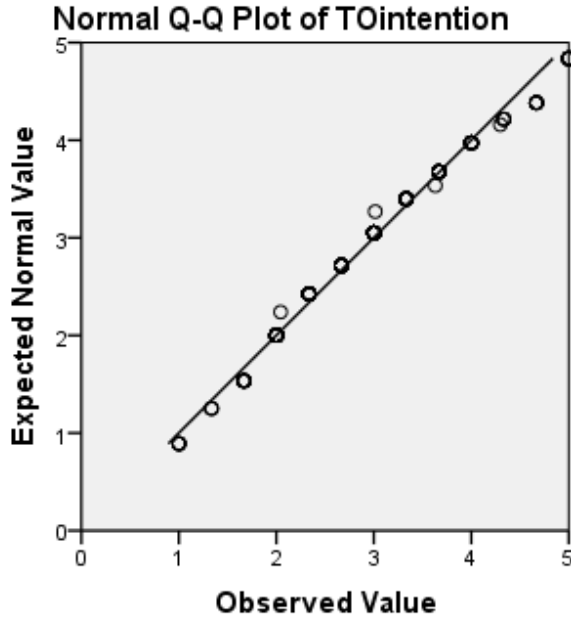
Fig 4.4: Homoscedasticity test scatterplot

Source: Survey data, 2020

4.5.2.3. Normality test

The frequency distribution of the standardized residuals to normal distribution conducted to test the normality as depicted in the below figure 4.5 that there is normality since the data points are close to the diagonal line.

Fig 4.5: Normal Q plot of standardized residual



Source: Survey data, 2020

4.6. The effect of HRM Practices on employees' intention in Zemen Bank S.C

4.6.1. Model specification

The following model is applied to find the statistically significant factor that affect turnover intention.

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \epsilon$$

Where, Y= Turnover intention

b_1, b_2, b_3 and b_4 = Coefficients of the respective variables

X₁= Reward and recognition

X₂= Opportunities to work on challenging assignments

X₃= Career development opportunities

X₄= Training and development

ε= Error term

4.6.2. Linear Regression Analysis

Table 4.11: Model summary for independent variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.387 ^a	.150	.135	.71833

a. Predictors: Constant, training, reward, opportunity, career

It is used to measure the statistical significance of the effect of the four independent variables on the employee turnover intention. Accordingly, the linear regression of the different independent variables and the dependent variable is explained.

From ANOVA table since F is significant it can be concluded that r^2 is significantly different from zero. This means that one can assume there is a linear relationship between the predictor and the dependent variables and that the regression equation allows to predict the dependent variable at greater than chance level. Thus, the ANOVA table answers that the model works.

Table 4.12: ANOVA Regressions for independent variables and Employees leave intention

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	20.122	4	5.030	9.749	.000 ^b
Residual	114.034	221	.516		

Total	134.156	225			
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a. Dependent Variable: Turnover intention

b. Predictors: (Constant), Training, Reward, Opportunity, Career

Source: Survey data, 2020

As illustrated on Table 4.9.above, the relationship between the independent variables and the employees' intention to leave is significant ($p < 0.01$, $F > 1$). Hence, it implies that the independent variables have effect on employees' intention to leave.

4.6.3. Multiple Regression Analysis

To investigate how the selected human resource management practices (Reward and recognition, training and development, opportunities to work on challenging assignments and career development opportunities) affect attrition rate in Zemen Bank S.C the researcher applied a systematic method in which how well the independent variables can explain the value of the dependent variables is stated.

Table4.13: Multiple Regressions Coefficients

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	4.255	.345		12.339	.000
	Reward	-.271	.089	-.215	-3.037	.003
	Opportunity	-.017	.100	-.013	-.172	.863
	Career	-.314	.086	-.302	-3.652	.000
	Training	.169	.082	.156	2.060	.041

a. Dependent Variable: Turnoverintention

Source: Survey data, 2020

As shown on Table 4.10above, the comparative contribution of each of the four variables taking in to account the beta value under the unstandardized coefficients having the strongest

contribution when the higher the beta value. Accordingly, career development opportunities (Beta=-.302) makes the strongest unique contribution to explaining the intention to leave of Zemen Bank employees in which the results revealed that, a one unit positive change increment in career development opportunities would lead to a 0.302 unit increase the level of intention to stay in Zemen Bank S.C. and the reward and recognition (Beta=-.215)are contributors to explaining the dependent variable with beta value of -0.215.

The statistical significance of the two independent variables from the above Coefficients table 4.10, career development opportunities (Sig. <0.05) while reward and recognition (Sig. = .003) have a statistically significant contribution for the prediction of the dependent variable.

When we see the other two variables opportunities to work on challenging assignments and training and development has a statistically less effect to make any significant prediction.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a brief statement of the essential findings that were discussed in the previous chapter. Conclusions drawn from the findings of the study and based on the implication of the findings; recommendations and way forwards suggested.

5.1. Summary of Findings

The dominant work forces in Zemen Bank S.C. are male. The bank also constitutes a productive group with a majority of professionals owning a higher educational qualification.

Based on the findings of the study, Zemen Bank S.C. provides positive recognition when its employees produce high quality work. However, the salary payment they received differentiates among employees of the bank and employees of other banks executing similar work.

According to Handelsman (2009), such kind of human resource management practices adversely affects the loyalty of the employee to the organization.

There is no relative consensus regarding the bank's effort to value the individual's excellence over team work as findings reveals. Not only this but also the opportunity for growth in the bank viewed in different way as the response of the survey data shows.

The major findings of the relationship between the selected human resource management practices and turnover intention were indicated by descriptive analysis using frequency and percentage as well as also by quantitatively testing the effect of the independent variables;

Reward and Recognition, opportunities to work on challenging assignments and career development opportunities, and training and development on turnover intention.

Pearson's correlations analysis were also used to test the strength and direction of relationship between the independent variables and the dependent variable. The result of the compute reveals the presence of inverse significant relationship between turnover intention and three independent variables other than training and development.

When we see the regression analysis the two independent variables, career development opportunities (Sig. <0.05) and reward and recognition (Sig. = .003) have a statistically significant contribution for the prediction of the dependent variable based on this study.

5.2. Conclusion

This study sought to identify the effect of selected human resource management practices on employee turnover intention in Zemen Bank S.C.

The study showed that Reward and recognition, opportunity to work on challenging assignments and career development opportunities practices of the bank adversely affected turnover intention of employees of the bank.

There is a moderate variance in providing challenging work assignments across the board illustrated by the one third of the total respondents that believes challenging work assignments.

Majority of the employees are skilled enough to do multiple jobs which imply the bank's practice of job rotation on some working areas. This is illustrated by the witness of the respondents on getting the opportunity to learn new thing in the bank.

There are disparities among employees on the implementation of the Bank's procedure in a transparent manner when there are opportunities for growth. That's why a moderate number of

respondents only believe the presences of fair opportunity are being practiced. This depicts the presence of high level of turnover intention in Zemen Bank S.C.

5.3. Recommendations

If employees are going to have to stay for a long period of time contributing to the aim of the organization, the following suggestions are forwarded to minimize the intention to leave the bank.

- On the basis of the finding Zemen Bank shall improve its employees career development opportunities by giving prior intention to its internal staffs than hiring from outside.
- The reward and recognition human resource management practice needs improvement since the intention to leave the bank significantly explained by this.
- The bank is providing training and development programs to its employees. However, it shall be recorded when the training is availed to eradicate the duplicated training provisions which helps to invest on other productive development programs.
- There are disparities in providing challenging work assignments between different positions. According maintaining the balance would be more effective to Zemen Bank so as to consistently apply this human resource management practice and managers shall identify it strategically.

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Questionnaire

**Addis Ababa University
Faculty of Business and Economics
School of Commerce
Department of Human Resource Management**

Dear Participant,

This questionnaire is designed to gather information about the effect of selected HRM practices on employee attrition in Zemen Bank S.C. case. The information shall be used for the partial requirement for the award of MA in HRM at AAU, School of commerce. Hence, I would

like to request your kind cooperation in completing the attached questionnaire (printed back and forth) for pure academic purpose.

Should you have any query on the issue, please don't hesitate to contact me via 0929-11-78-44 or kalekrstosshiferaw@gmail.com. Please be informed that no need to identify you personally and all given response will remain confidential. Please answer all questions honestly so as to ensure the accuracy and integrity of the results.

Thank you for your kind participation!

Personal Data

- 1. Gender: Male Female
- 2. Age Range: 20-29 30-39 40-49 5 and Above
- 3. Position: Professional Supervisory Managerial
- 4. Educational Qualification: Diploma First Degree Degree & Above
- 5. Experience (in years): Below 2 3-5 6 At e 10
- 6. Marital Status: Single Married Divorced Widowed

Instruction:

Please respond the following statements by marking '√' in the box that best describes your response.

1. Reward and Recognition

	Statements to assess the Bank's remuneration and recognition system	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	Employees are given positive recognition when they produce high quality work.					
2.	The amount of pay I receive is equal to others doing similar work in other banks					
3.	The Bank offers a good benefit package compared to other Banks in Ethiopia.					
4.	The Bank values individual excellence over teamwork.					
5.	The Bank offers good opportunities for promotion.					

2. Opportunities to work on challenging assignments

	Statements to identify Opportunities to work on challenging assignments	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	Employees are offered more challenging work within the Bank					
2.	Employees can work autonomously on their work assignments					
3.	Employees are skilled to do a number of different jobs, not just one particular Job					
4.	Employees are given opportunities to learn new things					
5.	Employees are offered a good amount of variety of tasks					
6.	I feel that the amount of workload is reasonable and sound					

3. Career Development Opportunities

	Statements to attest career development opportunities in Zemen Bank S.C.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	The bank arranges continuous training and development programs to enable my professional growth					
2.	There are promotion opportunities and clarity in procedures for promotions					
3.	Innovation and creativity are encouraged in Zemen Bank S.C.					
4.	when there is promotion opportunity the consideration is equal for other employee					
5.	The bank prefers internal staffs than external when there is vacant position					

4. Training and Development

	Statements to assess the Bank's training and development practice	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	The bank arranges continuous training and development programs					
2.	People are properly oriented and trained upon joining the bank					
3.	The training provided by the bank contributes to my knowledge and current Job					
4.	There is a repetition of same trainings for a given Job position					

5. Intention to leave Zemen bank

	Statements to assess the intention of turnover	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I have intention to resign from Zemen within a shorter time					
2.	Whenever I get a job in another bank definitely I leave this bank					
3.	I am being dissatisfied working for Zemen due to different reasons, so I would probably look for outside opportunities					

6. Intention any time in the future

1. Do you have intention to leave Zemen Bank at any point of time in the future?

I. Yes II. No III. Indifferent

2. If your answer is yes, what are the possible causes that will cause you to consider leaving the bank?
(You can choose multiple options)

Causes of turnover	Put a tick mark
a. Insufficient payment	
b. Unsatisfactory benefits	

c. Lack of career advancement	
d. Work load	
e. Lack of motivations	
f. Bad relationship with management and other colleagues	
g. Unfavorable working conditions,	
h. Better job opportunities	
i. External pressure	
j. Discrimination and other....	

Thank You!