



# **The Effect of Human Resource Development Practice on Employee Retention: A Case of Ethiopian Insurance Corporation**

**By**

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**A Thesis Submitted to Addis Ababa University School of Commerce in Partial Fulfillment for the Requirement of Master of Arts Degree in Human Resource Management**

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Management

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## Letter of Certification

This is to certify that **Kemal Gobie Wako** has carried out his thesis work on the topic entitled **“The Effect of Human Resource Development Practice on Employee Retention: A Case of Ethiopian Insurance Corporation”** under my guidance and supervision. Accordingly, I here assure that his work is appropriate and standard enough to be submitted for the award of Master of Arts Degree in Human Resource Management.

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We, the undersigned, members of the advisor and examiners of the final defense by **Kemal Gobie Wako**, have read and evaluated his thesis entitled “**The Effect of Human Resource Development Practice on Employee Retention: The Case of Ethiopian Insurance Corporation**” and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the award of the degree of Master of Arts in Human Resource Management complies with the regulation of the university and meets the accepted standards with respect to originality and quality.

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## Declaration

I, the undersigned, announce this research paper entitled “**The Effect of Human Resource Development Practice on Employee Retention: A Case of Ethiopian Insurance Corporation**” is my own effort and I have the courage to say, it is original research work that has not been produced by others in any other institutions or universities for any other requirements in any form. To this end, I acknowledge all sources of information that I used to produce the study appropriately and I would say perfectly.

Kemal Gobie Wako (Ato)

(The Researcher)

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

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## **List of Acronyms**

ACCA	_	Association of Chartered Certified Accountant
CD	_	Career Development
CIA	_	Certified Internal Auditor
CII	_	Chartered Insurance Institute
EIC	_	Ethiopian Insurance Corporation
HR	_	Human Resource
HRD	_	Human Resource Development
HRM	_	Human Resource Management
JR	_	Job Rotation
LOMA	_	Life Office Management Association
NBE	_	National Bank of Ethiopia
SPSS	_	Statistical Package for Social Science

## Abstract

*The purpose of this study was to examine the Effect of HRD on Employee Retention in Ethiopian Insurance Corporation. The study used explanatory survey design to achieve the stated objectives. For achieving the study objectives, out of 190 respondents 184 were selected to gather data through stratified sampling technique using questionnaires and interviews. Collected data analyzed through descriptive and inferential statistics using SPSS version 20. The finding of descriptive analysis revealed that the mean score for overall HRD program is slightly above the average mean indicating hardly implementation of the independent variables. From the five programs of HRD, relatively, mentoring (mean=3.18, SD=0.79) is practiced the highest and Job rotation (mean=3.44, SD=0.80) the least practiced than the rest independent variables in the corporation. The correlation analysis result showed that there is a significant moderate positive relationship exists between overall and individual HRD programs and employee retention. Relatively, among HRD programs Career development has the strongest positive relationships with employee retention ( $r=0.635$ ,  $p<0.01$ ) whereas mentoring has the weakest positive relationships with employee retention ( $r=0.484$ ,  $p<0.01$ ) in EIC. Moreover, the simple linear regression analysis evidenced that HRD program is predictor of employee retention. It is also noted that in multiple linear regression analysis career development, coaching and training are found unique contributor of employee retention where as mentoring and job rotation were statistically insignificant in predicting employee retention. The study exhibited all seven hypothesis tests were accepted. Furthermore, on the basis of the research findings, career development, training and coaching must be effectively implemented than mentoring and job rotation to retain experienced insurance professionals.*

**Keywords:** Human Resource Development, Employee Retention, Ethiopian Insurance Corporation

# CHAPTER ONE

## 1. Introduction

### 1.1 Background of the Study

Today, the world is in the era of globalization when the flow of information is very faster because of information communication technology and the changes in the transportation make this world as one village. Somebody can be hired locally within one country and outside that country in the global labour market so that the employment issues go with these rapid changes and any organization cannot monopolize employees in any specific sectors in this world whether the organizations are public or private.

Many companies make the mistake of assuming that employees are only seeking financial benefits for their jobs. This assumption overlooks the high importance many people place on the intrinsic benefits of their careers. It is not only a mistake for employee retention, but it also has negative business consequences. Organizations must have employees who are able to quickly adapt to an ever-changing world market. Companies need to invest in on-going employee development in order to both keep employees and be successful (Shelton, 2001).

Employees are critical part of the organization. One organization cannot achieve its corporate objectives given its organizational structure without employees. Employees prefer to be maintained in specific organization when the rights are kept fully and managed properly otherwise any time employees can apply to leave organization. When employees leave from each organization have negative effects on that organization as Neil (2007) explained it as; a decrease in performance, unfulfilled daily functions, costs and lower knowledge base in workplace.

Organizations are facing the challenge of employee retention due to increased competition in the insurance market. It is crucial for companies to hire competent employees to gain a competitive advantage in the market. However, retaining competent employees are more important than hiring. Organizations are always searching for talented, qualified and experienced employees and spent resources on their employees for future return aspects. Factors like lack of skilled workforce, national economic growth and employee turnover demand to devise policies to increase employee retention. It is hard to measure the exact cost

associated with turnover for companies. When an employee departs from one specific company, he/she brings out with him/her all the information about the company, experiences, clients, insurance policies and past history, very often to competitors (Maqsood et al., 2015). These are the facts occurring or experiencing in insurance market in Ethiopia because trained, experienced insurance employees are leaving state owned insurance (EIC) company to private insurance companies and or for private works.

According to the study conducted by Anis, Rehman, Nadir and Safwan (2011), employee retention is a critical aspect for every company regarding competitive advantage because human resource is the most critical asset of today's modern world. Other resources can be arranged effortlessly but to get efficient and retain talented human capital is the most difficult task. Therefore, organizations are now more focused towards employee retention.

Managers and employees believe regarding turnover is very contradictory. As the study made by Saratoga institute research (cited in Leigh, 2005), 89% of managers believe employees leave organization for more money while only 11% of managers believe employee leave for other needs. In contrary, 88% of employees leave for reasons other than money while only 12% of employees leave for more money. Thus, employees are loyal and committed to work for specific organization not only for the payment they will get from their employer.

The term Human Resource Development (HRD) is considered as infant concept since it is not well known by the practitioners as mentioned by Armstrong (2014) as HRD retains its popularity among academics but it has never been attractive to practitioners. They tend to dislike it because they see its reference to people as a resource to be demeaning. Putting people on a par with money, materials and equipment creates the impression of 'development' as an unfeeling, manipulative activity, although the two terms are almost indistinguishable.

HRD is an organized learning experience aimed at matching the organizational need for human resource with the individual need for career growth and development. It is a system and process involving organized series of learning activities designed to produce behavioral changes in human resource in such a way that they acquire desired level of competence for present or future role. At firms' level, training and education are the main areas of human resource development practices. Emphasis on HRD result in several positive individual and organizational outcomes such as higher performance, high quality individual and organization problem solving, enhancing career plans and employability, sustainable

competitive advantage, higher organizational commitment and enhancing organizational retention. To accomplish this undertaking, organizations will need to invest resources to enhance employees' knowledge, skills and competencies (Amlaku, 2010).

However, according to Edgar and Geare (cited in Amlaku, 2010), ineffective HRD programs can bring many problems such as reduced employees' enthusiastic to learn and apply new skills, decreased employee productivity, low moral and higher employee turnover. Developing an effective HRD program is a difficult task since it demands to look into the needs of the employees and ensure that the practices are aligned with both company and employees need. Therefore, problems in HRD system arise when the training and development practices fail to accommodate employees' needs. So if an organization wants to retain its' employees; it should concern with improving the skills, knowledge, attitudes and behavior of employees in organizational settings for the benefit of both employees and the organization. Similarly, Werner and Desimone (2012) stated that the ultimate goal of HRD is to improve an individual's, teams' and organization's effectiveness by solving current problems (like an increase in customer complaints), preventing anticipated problems (such as a shortage of skilled technicians) and including as participants those individuals and units that can benefit most.

Therefore, this study aimed to examine the effect of human resource development practices on employee retention in Ethiopian Insurance Corporation (EIC). Through relevant literature survey the researcher has identified different HRD interventions such as coaching, career development, job rotation, mentoring and training that have effect on employee retention of EIC. The researcher has selected these five dimensions of HRD and examined their effects on employee retention. These dimensions could be taken as they are among the factors that can help in reducing the employee turnover rate so that they are considered as a means of employee retaining mechanisms.

## **1.2 Background of the Organization**

The researcher has selected Ethiopian Insurance Corporation (EIC) because the researcher has an interest in the study area; also he is a member of the corporation and has better information about the study area. As far as the knowledge of the researcher; no similar study has conducted on this particular study area.

EIC has been selected for this research a case company. It is the only state run insurance company which was established in 1976 by the proclamation number 68/1975. Taking over

all the assets and liabilities of the thirteen nationalized private insurance companies, EIC came into existence with Birr 11 Million paid up capital and about 475 employees, with the objective of engaging in all classes of insurance businesses in Ethiopia which ensures insurance services reach the broad masses of the people. The skilled personnel were also allotted to all branches to fulfill the manpower requirement. Since the establishment, EIC was operating the business under protected monopoly as state owned-sole insurer for about nineteen years. After the downfall of the Derg regime in mid-1991, a fundamental change which sets the tone for future has taken place a shift in political, economic and social orientation from totalitarianism to that liberalism as a consequence of which the EIC was re-established as public enterprise under proclamation number 201/94 with Birr 61 Million paid up capital (EIC Company Profile, 2017).

EIC is administered by the Board of Management which reports to the Public Financial Enterprises Agency which is accountable to the Prime Minister's Office. The top management team comprises the Chief Executive Officer, plus five Deputy Chief Executive Officers respectively responsible for General Insurance, Long Term Insurance, Resource Management, Finance & Investment and Business Development & Risk Management and four directorates. The senior management is supported by six directors of district “A”s & eight directors of district “B”s and a network of 68 local branches all under the supervision of their respective districts in and outside Addis Ababa.

Since this study focused on EIC employees, the target population is all management and non management permanent employees of the corporation who have more than two years of working experience and above officer positions. Sample is taken from EIC head office, district “A”s and “B” located in Addis Ababa only.

### **1.3 Statement of the Problem**

The success of any organization in the long run depends very much on the quality of its human resources. This is especially true in the service oriented industry like insurances where improvements in service have to be made to meet the rising expectation of the customers (Misganaw, 2016).

In public sector organization’s department, Human Resource Management (HRM) has become an essential part of the performance of organization because it is a place where planning, recruitment, selection, motivation, compensation, training and development of

employees are taking place, this department has responsibilities for recruiting and selecting competent, talented and courageous employees for the vacant job and retaining them in the organization for a longer period.

EIC is the only state owned insurance company in Ethiopia. It is one of 17 insurance companies licensed by a regulatory body, National Bank of Ethiopia. The corporation provides long – term (life), general (non-life) and liability insurance services for all citizens of the country. The role of human resource is to train, develop and maintain a high performance organization through HRM policies and procedures.

These policies have helped EIC to recruit and select an average of 144 employees with high score fresh university graduates every year as indicated table 1.1 and train them on theoretical and practical of insurance concepts for two months before they are placed in the corporation's vacant posts in and outside Addis Ababa outlets to deliver effective and efficient insurance services to corporation's customers. This indicates high degree turnover so that the corporation is not retaining the experienced professionals who were serving a corporation for a long time. Thus, the corporation has challenges in retaining its employees with high insurance service experience in insurance professions.

Previously, the corporation make announcement of employees trained in and outside the country, hired, retired, died, resigned, dismissed and assigned on corporation's semi-annually published magazine called Zena Medin. However, in recent years no proper employee's information management have been made to show how many employees were hired and how many employees have left the corporation within a year and even if there were no exit interviews to know the reasons for their resignations which helps to gather information for retaining employees. There are no pay retention bonuses which is one-time incentives paid in exchange for remaining with the company to top managements, engineers, top performing employees, and information technology specialists.

According to summarized employee turnover five years data of HRM directorate from 2012/13 to 2016/17 years, a total of 258 insurance experienced professionals have left the corporation. The data indicated that the trends were rising in these five years and required great attention; averages of 52 employees were leaving the corporation every year for unspecified reasons. If these trends will continue in a similar way, after few years, the corporation may lose all its experienced employees, competent insurance professionals. Thus,

it is difficult for EIC to maintain dominant market share in the insurance industry and also to achieve its corporate goal.

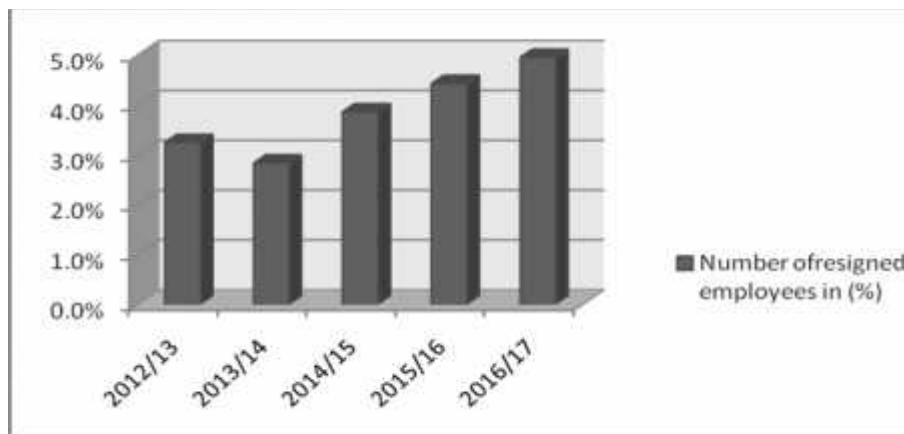
The following table 1.1 and bar graph 1.1 clearly point out the incremental pattern of experienced insurance professionals' left the corporation over the last five years. The Bar graph took the table below as data source.

Table 1.1: Employment Data of EIC from 2012/13 – 2016/17

Year	Total Number of EIC Employees	Resigned Employees in Number	Hired Employees	Resigned Employees in (%)
2012/13	1,202	39	124	3.2%
2013/14	1,236	35	111	2.8%
2014/15	1,296	50	103	3.9%
2015/16	1,379	61	149	4.4%
2016/17	1,475	73	232	4.9%

Source: EIC, HRM Directorate

Figure 1.1: Total number of employees resigned over the last five years



Source: Computed based on the source data

According to the study conducted by Misganaw (2016) titled as ‘the relationships of reward management practice to employees’ job satisfaction in EIC’, although the basic salary is as good as compared to other insurance companies in the labour market and found that personal growth and advancement have strong positive relationship with employees job satisfaction which can lead to employee retention. Thus, this finding indicated and convinced the researcher that the betterment of financial reward is not the only means to retain experienced insurance professionals and interested to examine the effect of HRD on employee retention in EIC.

Similarly, Getachew (2016) studied the actual causes behind professional employees' turnover and its effects on the service delivery of the EIC and has found that lack of clear path for career advancement, unfair treatment of employees, job hopping, non existence of non monetary recognition and flexible working condition and job dissatisfaction are the major causes of professional employees' voluntary turnover in EIC. This study also show that non - financial factors which have greater influence on retention of employees didn't get greater emphasis in the corporation.

As the researcher has investigated by conducting preliminary survey, the experienced employees are leaving the corporation for private insurance companies and for their own private works such as sales agent, insurance brokers and others. They are leaving for better offer and job opportunities. Moreover, the researcher has learnt that mostly the corporation's insurance service currently based on automation, the manual work is not used and these also created lack of insurance knowledge sharing because there is no appropriate knowledge transfer from experienced (long serving) insurance professionals due to the absence of experienced professionals and inability to retain them to the required level. This creates dissatisfaction of stakeholders and resulted in low standard service delivery and increases complaints from time to time.

Many literatures show that effective implementation of HRD programs lead to the retention of employees. But, concerning the HRM directorate of the corporation nothing has been made so far to retain experienced employees through effectively implementing HRD programs and also HRD was not given the required level of emphasis as they can lead to employee retention in the corporation.

Additionally, except the two related study topics discussed above, to the best of the researcher's knowledge, no research has done that has showed the effect of HRD on employee retention in EIC. These are the research gaps that the researcher has identified and intended to take as a critical research area to be researched. Filling the above stated knowledge gaps; the researcher believed that this study has paramount contribution for body of the knowledge in the specified topic of this research in the corporation.

Thus, this study scrutinized the effect of human resource development practice elements on employee retention in EIC. In doing so, this study was conducted on the effects of various interventions of HRD has on employee retention of highly experienced insurance professionals of the corporation.

## **1.4 Basic Research Questions**

According to Zikmund, Babin and Carr Griffin (2009), research questions express the research objectives in terms of questions that can be addressed by research. Thus, the entire processes of this study were based on the following four basic research questions;

- ❖ What are the basic relationships of HRD interventions or practices with employee retention in EIC?
- ❖ To what extent the HRD interventions affect employee retention in EIC?
- ❖ Which one of the major HRD interventions affects employee retention to retain experienced insurance professionals in the corporation?
- ❖ What is the status of experienced and professional employee loyalty to EIC?

## **1.5 Research Objectives**

### **1.5.1. General Objective**

The general objective of the research is to examine the effect of human resource development practice on employee retention in EIC.

### **1.5.2. Specific Objectives**

Specifically, this study has tried to achieve the following objectives;

- ❖ To investigate the basic relationships of HRD interventions and employee retention.
- ❖ To determine the extent HRD programs affect employee retention in EIC
- ❖ To determine which HRD programs (career development, coaching, job rotation, mentoring and training) that affect employee retention of EIC more.
- ❖ To identify the status of experienced and professionals employee loyalty to the corporation.

## **1.6 Research Hypothesis**

Based on the conceptual framework adopted and modified based on literatures to achieve the research objectives, the following research hypotheses (H) will be developed for this study.

- ❖ H1: There is significant relationship between Training and Employee Retention.
- ❖ H2: There is significant relationship between Mentoring and Employee Retention.
- ❖ H3: There is significant relationship between Job Rotation and Employee Retention.
- ❖ H4: There is significant relationship between Coaching and Employee Retention.
- ❖ H5: There is significant relationship between Career Development and Employee Retention.

- ❖ H6: There is significant effect of overall HRD interventions on employee retention.
- ❖ H7: There is significant difference on influence of individual HRD intervention (HRD Practices) over Employee Retention.

## **1.7 Significance of the Study**

This study is useful to the HRM and HRD professionals of the corporation by identifying the significant areas of HRD elements that can make employees loyal to the corporation. This serves as maintaining the experienced insurance professionals and they are committed to their respective areas of profession and hence support the achievement of the corporate goal.

The study may provide regulatory body with data that could be used for future improvements of human resource management strategies for improving employee development and retention. Therefore, the beneficiaries of this study will be the EIC's management working on human resource issues on how to maintain each employee, how to reduce dissatisfaction of employees which may lead to resign and will understand the effect of HRD on employee retention have on the corporation's existence.

It will contribute to the body of knowledge in academics research area of employee development and employee retention in insurance sector. The researcher has gained knowledge from the study on HRD. This might provide foundation for future studies to be done on this area.

Furthermore, the study will have great importance to the insurance professionals of the corporation in creating awareness and to have better understanding about the contribution of employee developments and their effects in the decision making process to bring the desired change through employee retention and so that their future loyalty will be enhanced.

In the end, it will stimulate other researchers to conduct further research on other aspects which will determine employees' retention in an organization and on the basis of research findings, to forward the possible recommendations in solving the mentioned problems will find this study very essential to study on the issue the researcher didn't touch with his study in and outside insurance industries.

## **1.8 Scope of the Study**

The time horizon for this study was cross-sectional which involved observation of an entire population or a representative sample at one specific point in time which also coined by

Saunders, Lewis and Hornhill (2009) as study of a particular phenomenon (phenomena) at a particular time and often employ a survey strategy.

The result of the research work will be applicable only to the employees of EIC and it is impossible to generalize the result of this study to insurance industry of Ethiopia in general.

Even though there are a number of factors that can influence the employee retention, this study emphasized only on the selected HRD programs. HRD programs consists of a number of interventions or programs, however, this study focused only to the common interventions which can affect employees retention significantly such as mentoring, job rotation, training, coaching and career development.

Only the experienced working groups of permanent and managements employees who are above officer positions and above one year of service located in the Addis Ababa outlets such as head office, seven districts (North Addis, Southern Addis, Eastern Addis, Western Addis, Central Addis, Life Addis and Arada) and Eleven Branches (Alemgena, Bole, Gulale, Goffa, Merkato, Megenagna, Saris, Bole Life, Merkato Life, Megenagna Life, Mexico Life).

The study excludes seven newly opened branches in Addis Ababa in 2017 because they didn't fully start operations with full human and non-human resources. The researcher has selected outlets in Addis Ababa because of the nature of works, volume of works and to easily manage the study within the given time and less cost because cost consideration as Saunders et al. (2009) stated it has major impact upon decisions relating to the size and type of the sample.

## **1.9 Definition of Terms**

- **Human Resource Development:** It is defined by Swanson and Holton III (2001) as a process for developing and unleashing human expertise through organization development and personnel training and development for the purpose of improving performance. Noe (2010) also refers it as formal education, job experiences, relationships, and assessments of personality and abilities that help employees perform effectively in their current or future job and company. It is related to important business outcomes such as employee retention and the creation of an agile and talented management team and work force.
- **Employee Retention:** It is the degree of commitment which employees stay in a particular company relatively for over long period. Retention is the percentage of

employees remaining in the organization. High levels of retention are desired in most job groups as Phillips and Connell's (2004) defined it.

- **Mentoring:** occurs when a senior manager is paired with a more junior employee for the purpose of giving support, helping the employee learn the ropes, and preparing the employee for increasing responsibility (Werner and Desimone, 2012). According to Manninen and Viitala (2007) mentoring is a relationship in which a more experienced employee (mentor) helps a less experienced one (actor).
- **Coaching:** It is the process of developing employees by providing them with opportunities to develop their skills and experience while ensuring they receive continuous feedback, counseling, and follow up. It is boss-employee relationship as Berry, Cadwell and Fehrmann (1993) coined.

## **1.10 Organization of the Study**

This research paper has organized into five separate chapters. Each of these chapters is described in their separate elements. The first chapter portrays the introduction of the study. It includes the back ground of the study, statement of the problem, research questions, objectives, significance, scope and limitations of the study and it also contains operational definition of key terms that were used in this study. The second chapter presents review of relevant related literatures incorporating reviewing of relevant literatures such as journals, books, empirical studies and theoretical resources. The third chapter depicts research methodology that includes research design, research approaches, Population and samples, data and variables, research instruments, data collection procedures, data analysis and interpretation, ethical issues of the study. The fourth chapter incorporated the presentation, data analysis, Interpretation and discussion of results collected to examine the effect of HRD on employee retention. The fifth and final chapter on the other hand contains summary, conclusions, recommendations, future research direction, limitation and contribution of this the final paper. It draws summary of findings, conclusion which has tried to summarize the work covered during the research and analysis and recommendations has made. The appendix contain the questionnaire, interview guiding questions and reliability test results of post data collection.

## CHAPTER TWO

### 2. A Review of Relevant Literatures

According to Zikmund, Babin and Carr Griffin (2009), literature review refers to conducting a directed search of published works, including periodicals and books that discuss theory and present empirical results that are relevant to the topic at hand. Therefore, this chapter also describes different theoretical and empirical literatures relevant to the study.

#### 2.1 Human Resource Development

Noe (2009), Swanson and Holton (2001) and Werner and Desimone (2012) defined Human Resource Development (HRD) as the process, integrated, planned and a set of systemic development activities of employee's career, enhancement of organization through learning of necessary skills to meet organizational and individual demand.

As to Werner and Desimone (2012) HRD covers the entire field of HRD from orientation and skills training, to career development and organizational development. Thus, learning and or training is the core of all HRD efforts. HRD professionals are also responsible for coordinating management training and development programs to ensure that managers and supervisors have the knowledge and skills necessary to be effective in their positions. These programs may include supervisory training, job rotation, seminars, or college and university courses. It is concerned with the provision of learning, development and training opportunities in order to improve individual, team and organizational performance. It is essentially a business-led approach to develop people within a strategic framework

HRD is a concept not much developed and expanded in many organizations due to the infancy of the discipline it stated by the Swanson and Holton (2001) as it is a relatively young academic discipline but an old well established field of practice. HRD theory and practice are deeply rooted in human beings developing and advancing perspective. As to them, the purpose of HRD is to focus on the resource that humans bring to the success equation both personal success and organizational success. The two core threads of HRD are (1) individual and organizational learning and (2) individual and organizational performance. This indicates the success starts only when the employees are learning necessary skills before trying to improve performance of individual and corporation.

For individuals, development planning includes the preparation and agreement of a personal development plan. This provides a learning action plan for which they are responsible with the support of their managers and the organization. It may include formal training but, more importantly, it will incorporate a wider set of development activities such as self-managed learning, Succession Planning, mentoring, project work, job enlargement and job enrichment (Armstrong, 2006). From these theoretical literatures, it is possible to understand that job rotation, mentoring, training and career developments are the key components of HRD programs.

In EIC, HRD programs are the key issues. The corporation invests a huge amount of budget in terms of hard currency and local money in training and development for employees more than one year service participated or got a chance in these programs based on the corporation's criteria of selection for the programs and interests of employees for variety of the programs. The programs are given within the country and abroad. The corporation launches these programs for all permanent employees to enhance service efficiency and maintain key experienced insurance professionals and then ensure the sustainability and competitiveness of corporation in the in the insurance industry.

## **2.2 HRD Process Model**

According to Werner and Desimone (2012), HRD programs or interventions can be used to address a wide range of issues and problems in an organization. They are used to orient and socialize new employees into the organization, provide skills and knowledge, and help individuals and groups become more effective. To ensure that these goals are achieved, care must be taken when designing and delivering HRD programs. These authors have used four-phase process Model (framework) have been designed and conducted to describe HRD efforts or processes.

### **2.2.1 Assessing HRD Needs**

HRD interventions are used to address some need, discrepancy or gap within an organization. A need can be either a current deficiency, such as poor employee performance, or a new challenge that demands a change in the way the organization operates.

Needs assessment (need analysis) is a process by which an organization's HRD needs are identified and articulated. It is the starting point of the HRD and training process. It can identify an organization's goals and its effectiveness in reaching these goals, discrepancies or gaps between employees' skills and the skills required for effective current job performance, discrepancies (gaps) between current skills and the skills needed to perform the job

successfully in the future as well as the conditions under which the HRD activity will occur. Thus, needs assessment is critical for an effective HRD effort.

According to Robert (cited in Werner and Desimone, 2012) argues that focusing only on performance deficiency in needs analysis is too restrictive and proposes other ways of looking at training needs and they include diagnostic, analytic and compliance needs. Needs can exist and examined at any of at least three levels, considering the organization/strategic, the job/task, and the individual.

Kendra Lee (cited in Werner and Desimone, 2012) recommends that diagnostic skills assessments be used before, during, and after an HRD intervention. This provides metrics to measure employee behavior change, and can be “the secret tool for creating behavior change without resistance.” Effective performers may be the source for ideas on how to improve employee performance, whereas analysis of ineffective performers can identify what interventions (HRD or otherwise) are needed to improve performance.

Identifying needs involves examining an organization, its environment, job tasks, and employee performance. This information can be used to establish priorities for expending HRD efforts define specific training and HRD objectives and establish evaluation criteria.

### **2.2.2 Designing Effective HRD Programs**

The key activities involved in designing an HRD program are Setting objectives, Selecting the trainer or vendor, Developing a lesson plan, Selecting program methods and techniques (including the appropriate use of technology), Preparing materials and Scheduling the program.

Needs assessment data are useful for defining program objectives because they identify the deficiencies or challenges to be addressed.

The design phase also involves a lesson plan which is a trainer’s guide for the actual delivery of training content. Creating a lesson plan requires the trainer to determine in advance what is to be covered and how much time to devote to each part of the session. It is selecting and developing the content of the program. Scheduling the program may not be as easy as it appears. Issues to be resolved include lead time to notify potential participants, program length and location, covering participants’ regular job duties, and potential conflicts (such as vacations, busy periods, and facility availability).

### **2.2.3 Implementing HRD Programs**

The goal of the assessment and design phases is to implement effective HRD programs or interventions. This means that the program or intervention must be delivered or implemented using the most appropriate methods (as determined in the design phase). Delivering any HRD program generally presents numerous challenges, such as executing the program as planned; creating an environment that enhances learning, and resolving problems that may arise (missing equipment, conflicts between participants, etc.).

This is a step where the HRD assessment and design are implemented. Implementation assumes the proper identification of HRD needs and its objectives. The program objective should greatly influence the design issues and the selection of methods used to implement or conduct the program. There are a lot of methods used to implement the programs as mentioned under the independent variable training here below.

### **2.2.4 Evaluating HRD Programs**

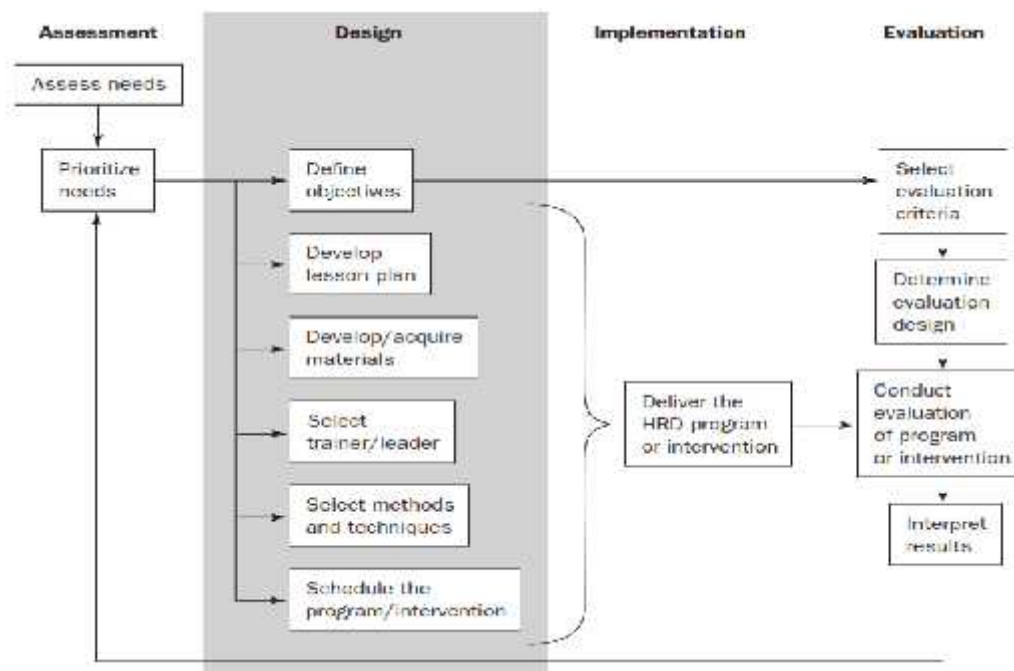
HRD Program evaluation is the final phase in the training and HRD process. They defined it as the systematic collection of descriptive and judgmental information necessary to make effective HRD decisions. The purposes of HRD evaluation include determining whether HRD programs have achieved their objectives, building credibility and support for these programs, and establishing the value of these programs. This is where the effectiveness of the HRD intervention is measured. This is an important but often underemphasized activity.

Data collection is central to HRD evaluation. Among the types of information that may be collected are individual, system wide and economic data. Some of the data collection methods used in HRD evaluation includes interviews, surveys, observation, tests, simulations, and archival data.

Evaluation is not frequently conducted. The possibilities are; first, conducting an evaluation is not an easy process. It requires time, resources, and expertise that the HRD employee may not have or may not be willing to expend. Second, many factors beyond the program itself (including the economy, equipment, policies and procedures, other HR efforts, and resource availability) can affect whether employee performance improves, thus, making it difficult to evaluate the impact of training. Third, those associated with HRD programs may be afraid of criticism and program cuts if the evaluation shows that the program is not effective. Yet the

fact is that HRD evaluations can and should be done in organizations to ensure effectiveness and accountability.

Figure 1.2: Training and HRD Process Model

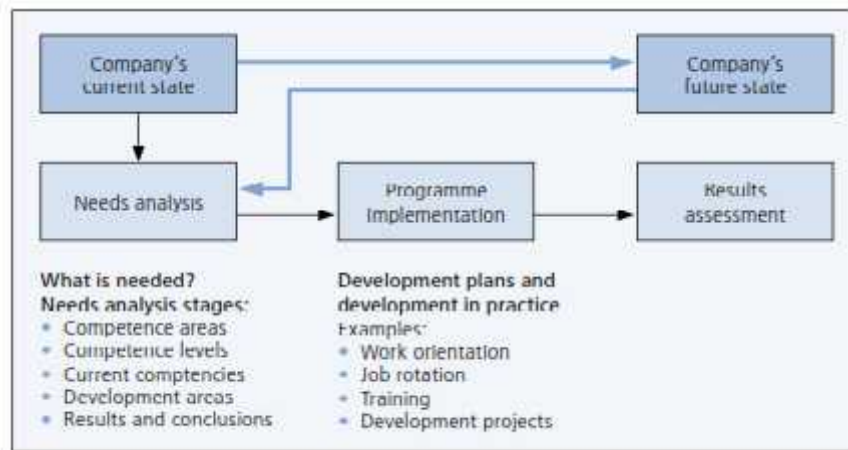


Source: Adopted from Werner and Desimone, 2012

Similarly, Manninen and Viitala (2007) defined HRD as a component of a broader competence development system, which includes the definition of competence strategies, the identification and assessment of required competencies, the determination of development needs, and development discussions. A company needs to engage in systematic human resource development irrespective of how far learning culture has progressed in the organization.

According to Hatonen (Cited by Manninen and Viitala, 2007) development actions targeting employee competencies must be planned, implemented and assessed characterizes human resource development by neglecting the HRD design, the HRD Process involves needs analysis, programme implementation which includes work orientation, job rotation, training and development projects and results assessment stages.

**Figure 1.3: Human Resource Development Stages**



Source: Hatonen, 1999

### 2.3 HRD and Employee Retention

The Human Resource development can play a very important role in employee retention. An employee not leaves his or her position without a reason. Human resource has the responsibility to intervene to find out the reasons which triggered the resignation. There can be innumerable reasons for an employee to leave the current job. The major ones being conflict with the superiors, lesser salary, lack of growth, negative ambience and so on.

According to Mobley (Cited in Phillips and Connell's, 2004), employee turnover (leaving an organization) is a major organizational phenomenon. Employee turnover is important to organizations, individuals, and society.

From the organizational perspective, employee turnover can represent a significant cost in terms of recruiting, training, socialization, and disruption, as well as a variety of indirect costs. Given the significance of turnover, it is important for the manager and prospective manager to be able to analyze, understand, and effectively manage employee turnover.

According to Fitzenz (Cited in Phillips and Connell's, 2004), becoming an employer-of-choice often involves the issue of acquiring the best talent for the organization, motivating employees to improve performance, keeping them satisfied and loyal, developing employees so they can grow and contribute skills, and ultimately retaining those employees. Employee may remain or leave their employment for both job-related and personal reasons. However, there are significant actions that an employer can take to retain employees in many other circumstances. The actual reasons that people stay or leave vary according to job groupings, industry and organizational issues, geographical global aspects, and other factor. The most

common factors that caused satisfactory employees to quit their jobs were unhappiness with management, limited career advancements and recognition, insufficient pay and benefits, and job boredom.

Accordingly, Mathias and Jackson (2011) have identified drivers of retention. There are six drivers of retention or areas in which employers can take action to strengthen the possibility of keeping employees because both people and jobs are so varied, there are different reasons to leave. One of the drivers of employee retention is career training and development.

According to them, many employees in all types of jobs consistently indicate that organizational efforts to aid their career training and development can significantly affect employee retention. Opportunities for personal growth lead the list of reasons why individuals took their current jobs and why they stay there. As they have quoted in their book, in one survey, nearly one-third of workers identified the lack of career advancement opportunities to be the most important reason for potentially changing employers.

Training and development efforts can be designed to indicate that employers are committed to keeping current employees' knowledge, skills, and abilities. Also, training and development can help under used employees attain new capabilities and recruiters were reassigned to different departments. Organizations address training and development in a number of ways. This supports the effective HRD programs implementation can help employee retention.

Tuition aid programs, typically offered as a benefit by many employers, allow employees to pursue additional educational and training opportunities. These programs often contribute to higher employee retention rates because the employees' new knowledge and capabilities can aid the employer. Also, through formal career planning efforts, employees discuss with their managers career opportunities within the organization and career development activities that will help them to grow.

Career development and planning efforts may include formal mentoring programs. Companies can help reduce attrition by showing employees that they are serious about career advancement opportunities. These all indicates if HRD programs effectively implemented, then the can help to retain employees.

According to study conducted by Maqsood et al. (2015) revealed that Effective HR practices can reduce employee turnover and increase retention within an organization. It has significant

impact of HR practices on employee retention. In other study conducted by Mahesh and VaraPrabhakar (2017) have found that HRD programs strongly retain employees. They have identified that there is strong relation between the HRD programs and employee retention. From all these, it is possible to understand that if HRD is effectively implemented, it is possible to retain employees.

As per the study conducted by Foday (2014) and found that training and development, coaching, mentoring, are key influences of employee retention. This also revealed that the HRD Programs has significant influence on employee retention. As a result H6 has formed,

### **2.3.1 Employee Turnover**

Employee turnover is the process in which employees leave an organization and have to be replaced as Mathias and Jackson (2011) defined and Armstrong (2006) also stated it as high organizational commitment is associated with lower labour turnover and absence. Thus, when employees are retained carefully, then they are committed to their jobs and for their employers and reduce the turnover rate.

A study conducted by Liu (2014) confirmed that turnover is the consequence of work dissatisfaction which is a combination of factors such as pay, recognition and career development opportunities. This clearly indicates lack of proper implementation of career development and other HRD programs will lead to employee turnover.

The effects of turnover as resulted in Racho (2015) study revealed that loss in competition on market, costs of recruiting and training employees, loss of profit as a result of lack of timely deliverance of required service to customers, a combination of one or more stated effects come on the enterprise.

### **2.3.2 Factors affecting employee retention**

The researcher such as Irshad (2011) has found different factors that can affect employee retention such as in the area of organization fit (employee personal value match), organization culture, family support and flex time culture, Compensation, reward and recognition, training and career development, employee career advance aspect or promotion opportunities, work environment and organizational justice (distributive justice and procedural justice) play significant role in employee retention.

Nyanjom (2013) has found that training and career development are the first as the most important factor, then performance appraisal, employee empowerment, employee commitment and lastly employee compensation.

Kossivi and et al.(2016) and Shakeel (2015) identified all possible determinant factors of employee retention such as development opportunities, compensation, work-life balance, management/leadership, work environment, social support, autonomy, training and development, monetary and non-monetary factors that were identified are pay, promotion, social environment, working conditions, relationship with immediate boss, respect, location of organization, organizational justice, organizational prestige, recognition, work-life balance, job satisfaction, job involvement, job content, training, job embeddedness, flexible work arrangements, status, career development, organizational values and beliefs, organization support, Job is not what worker expected, job and person mismatch, growth opportunities, appreciation, trust and support, stress from overwork, new job offer.

Most of the above researchers are agreed that the factors such as training, career development or promotion opportunities, compensation are very critical factors in employee retention of the organization.

## **2.4 Training**

Gibb (2006) defined training as learning undertaken for the development of skills for work and in work, on-job or off-job, to enable effective performance in a job or role and Swanson and Holton (2001) stated as training is the largest component of HRD can be tracked back through evolution of the human race. Similarly, Werner and his co-author (2012) stated that the effectiveness of training was measured in terms of perceived achievement of training objectives, by comparing training expenditures to company productivity. Werner and Desimone (2012) classified the training techniques or methods in to three ways. These are on-job-training (OJT), classroom and self-paced training (computer-based training can be either classroom based, self-paced, or both). Each method has a number of techniques appropriate for particular situations. A trainer needs to select the best combination of techniques that will maximize trainee learning.

### **2.4.1 On-the-Job Training Methods**

Training methods can be classified by whether they take place on the job versus away from the employee's normal work setting. On-the-job training (OJT) involves conducting training

at a trainee's regular work station (desk, machine, etc.). This is the most common form of training; most employees receive at least some training and coaching on the job. Virtually any type of one-on-one instruction between coworkers or between the employee and supervisor can be classified as OJT. Structured OJT programs are generally conducted by an assigned trainer who is recognized, rewarded, and trained to provide appropriate instructional techniques.

In many cases, OJT is used in conjunction with off-the-job training. Furthermore, for complex jobs, OJT was more effective when classroom training, OJT, and computer-based training were used in combination. OJT has been recommended as an addition to formal training and certification programs to train information technology (IT) professionals. There are at least four identifiable OJT techniques, including job instruction training (JIT), job rotation, coaching, and mentoring. These three OJT techniques which are the HRD programs such as job rotation, coaching and mentoring are considered as the independent variables which can affect the employee retentions are discussed above.

### **2.4.2 Classroom Training Approaches**

Classroom training approaches are conducted outside of the normal work setting, which typically take place away from the job (such as in a conference room or classroom). In this sense, a classroom can be any training space set away from the work site, such as the company cafeteria or a meeting room. Although many organizations capitalize on whatever usable space they have available to conduct training sessions, some larger organizations maintain facilities that serve as freestanding training centers. These training centers are now increasingly referred to as corporate universities, with curricula that include courses covering a wide range of skill and content areas. There are five primary categories of classroom training includes Lecture, Discussion, Audiovisual media, Experiential methods, Computer-based training (classroom-based)

### **2.4.3 Self-Paced Training Media and Methods**

A training which uses a self-paced or individualized approach such as computer training can take place on the job or in a classroom equipped with computers. However, much of the recent growth of computer training has used a self-paced approach that may be done in a variety of different settings. Trainees read various vignettes about another culture, then made choices concerning why they thought a particular action had been taken. Each response directed the trainee to a particular page in the workbook. Computers and other advances in

technology have had an enormous impact on the delivery of training in organizations. The primary advantage Computer-Based Training (CBT) has over other methods of training is the interaction between learner and computer in many CBT programs mirrors the one-on-one relationship between student and tutor, questions and responses go back and forth, resulting in immediate feedback. Three approaches to CBT include computer-aided instruction (CAI), intranet training, and intelligent computer-assisted instruction (ICAI).

Concerning the empirical studies conducted on training in relation with retention, Mahesh and VaraPrabhakar (2017) in their study have found that training and development strongly influence to retain employee. Ahmed (2014) has conducted study and found that there is positive relationship exist between training and employees retention and employees decision to stay for a longer period of time can be influenced by training practice. Also, the study conducted by Ldama and Bazza (2015) revealed that training and development had positive effect on staff retention and thus, the following hypothesis is formulated as a result.

- ***H1: There is significant relationship between Training and Employee Retention.***

## **2.5 Mentoring**

Mentoring describes a relationship in which a more experienced individual uses his or her greater knowledge and understanding of the work or workplace to support the development of a more junior or inexperienced colleague. It is for your exceptional employees, people who show promise but need help to become top performers. As a mentor, your responsibilities are to represent the company's values, give pep talks, offer instruction about your company's political structure, influence decision makers to help your mentee, and provide contacts and resources (Mohammed and Belete, 2014).

According to Werner and Desimone (2012) it occurs when a senior manager is paired with a more junior employee for the purpose of giving support, helping the employee learn the ropes, and preparing the employee for increasing responsibility similarly Berry et al. (1993) defined it as a peer or another person in the organization, but does not necessarily involve a direct reporting relationship.

All these reflect that development of employees which are components of HRD by an individual who doesn't reporting relationships. A mentor is an experienced person to train, guide, and help the junior employee at different positions.

On other hand Berry et. al. (1993) identified coaching and mentoring. Coaching is the boss-employee relationship while mentoring may be a peer or another person in the organization, but does not necessarily involve a direct reporting relationship. The mentor's role is to provide guidance, answer questions, and help develop the individual's skills and experience. The mentor has to rely on his/her ability to influence the other person without benefit of a supervisory relationship.

Fleig-Palmer (2009) indicated in the study conducted that mentoring functions would positively impact retention through affective commitment; the informational mentoring functions also had a strong effect. Similarly, The study result of Whitaker (2003) revealed that there was a significant and positive correlation between Mentoring and coaching Program and intention to stay and thus the following hypothesis is stated as;

- ***H2: There is significant relationship between Mentoring and Employee Retention.***

## **2.6 Job Rotation**

According to Seibert and Kraimer (as cited in Mohan and Gomathi, 2014), Job rotation is defined as a training method followed by the organization to develop the employees in various department were they can gain diversified learning of job skills for a specific period of time and it is a practical approach to enrich and expand the job assignments of the employees. It is a job design approach widely used by many organizations at various levels and departments. This job rotation is a technique followed by the organization to improve the workers performance and make them more committed towards the work. This acts as a motivating factor and helps in the employee development and retention.

According to Adjei (2012), Manninen and Viitala (2007), it is possible to infer that job rotation is help employees to acquire diversified job skills working, improve workers performance, make them committed for their work, develop new relationships across company working in different sub-units and motivate them to work for a limited time for developmental reasons.

According to Werner and Desimone (2012), Job rotation is an approach a trainee is generally expected to learn more by observing and doing than by receiving instruction from supervisor who is responsible for orienting, training, and evaluating the trainee on the assignment. Accordingly it is useful for new employees in which line-managers managers need to develop a working knowledge of the organization.

Thus, Job rotation, as indicated by Werner and his co-author, helps to broaden employees' skill, preparing them for future promotion and used frequently as means of career development of employees and then it supports for employee retention. Even though, difficult to get empirical study conducted on the relationship between job rotation and retention of employees, a single study by Elewa (2017) obtained from internet revealed that job rotation is a useful tool for the employees in order to develop their skills and capacities. As a result improve job satisfaction and employee retention and in improved client satisfaction too. Therefore, possible to hypothesize that retention has a relation with job rotation.

- ***H3: There is significant relationship between Job Rotation and Employee Retention.***

## **2.7 Coaching**

Coaching is a systematic approach to ensure leadership continuity within an organization by recruiting and/or encouraging individual employee growth and development. It's not about having people but it's about having the right people, in the right place, at the right time. It is an activity that takes the opportunities presented by the work itself and uses them to develop the knowledge, skills, competencies and therefore, the performance of people. Coaching opportunities arise informally on a day-to-day basis and after a formal performance review that identifies learning and development needs. It is a personal (usually one-to-one) on-the-job approach to helping people to develop their skills and levels of competence. Coaching is essentially a non-directive form of development. Good coaching is supposed to take into account: developing a partnership, commitment to produce a result, responsiveness to people, practice and preparation, sensitivity to individuals, and a willingness to go beyond what has already been achieved (Mohammed and Belete, 2014).

As to Werner and Desimone (2012) HRD program objectives describe the intent and the desired result of the HRD program. The results can be achieved in many ways (such as lectures, role play, and coaching), but this is not specified in the objective. Thus, the desired end result of HRD intervention can be obtained through coaching. That is the reason why coaching is considered as one component of the program.

There are two forms of on-the-job training i.e coaching and mentoring. Coaching typically occurs between an employee and that person's supervisor and it focuses on examining employee performance and taking actions to maintain effective performance and correct performance problems.

Berry et al. (1993) defined coaching is as the process of developing employees by providing them with opportunities to develop their skills and experience while ensuring they receive continuous feedback, counseling, and follow up. It is boss-employee relationship. It is also HRD interventions because it develops the skills, abilities and knowledge of employees to in a work life.

According to Kinlaw (cited in Berry et al., 1993), coaching must have regular and easy contact with those they are supposed to coach. Mentoring as Kinlaw suggests it is the process of developing in others such things as political savvy, sensitivity to the organization's culture, and proactively managing their own careers.

There is a limited empirical study conducted on the study area but Har (2008) has found in the study that managerial coaching have a positive effect on organizational commitment and negative effect on turnover intention of employees in organizations. This indicated there is a relationship between coaching and retention. Thus, the following hypothesis is formulated.

***H4: There is significant relationship between Coaching and Employee Retention.***

## **2.8 Career Development**

The career development mainly focuses on employee as the David A. Decenzo, and Stephen P. Robbins and Susan L. Verhulst (2010) defines the term career as the pattern of work-related experiences that span the course of a person's life. Thus, career development involves tracking career paths and developing career ladders. It looks at the long-term career effectiveness and success of organizational personnel. They stress that career development is more employee centered, whereas employee training is designed to promote competency in the new job. Career development programs are designed to assist employees in advancing their work lives. The focus of career development is to provide the necessary information and assessment in helping employees realize their career goals. However, career development is the responsibility of the individual, not the organization. The essence of a contemporary career development program is providing support so employees can continually add to their skills, abilities, and knowledge.

For Werner and Desimone (2012) it is an ongoing process by which individuals' progress through a series of stages, each of which is characterized by a relatively unique set of issues, themes, and tasks." It involves two distinct processes: career planning and career

management. A career development is one aspect of HRD and it is an employee responsibility to develop him/her.

As per the study conducted by Foday (2014) and found that career development practices facilitate employee engagement and job retention. This in turn reduces turnover. Wane (2016) also has found that career development programs affect employee retention. Kwenin (2013) also indicated in the study that career development opportunities had positive relationship with employee retention.

Thus, from all these three empirical results, it is possible to understand that career development has a relationship with employee retention and H1 has developed based on these statements as follow.

- ***H5: There is significant relationship between Career Development and Employee Retention.***

Based on the above literatures, H6 and H7 have developed;

- ***H6: There is significant effect of overall HRD interventions on employee retention.***
- ***H7: There is significant difference on influence of individual HRD intervention (practices of HRD) over Employee Retention.***

## **2.9 Conceptual Framework of the study**

Based on the above reviewed literatures, the researcher has proposed the following conceptual frame work which consists of human resource development interventions and retention. The human resource development interventions such as employee mentoring, job rotation, career development, employee training, coaching that leads to employee retention.

Human development intervention is the independent variable which incorporates; mentoring, job retention, career development, training (Muuo, 2013 and Molla, 2016), and Coaching of employees for the purpose of examined its effect on the employee retention in EIC which is dependent variables. All the HRD interventions and employee retention dimensions are designed based on the literatures illustrated above according to the purpose of this study.

**Independent Variables**

**Dependent Variable**

**HRD Interventions (Programs)**

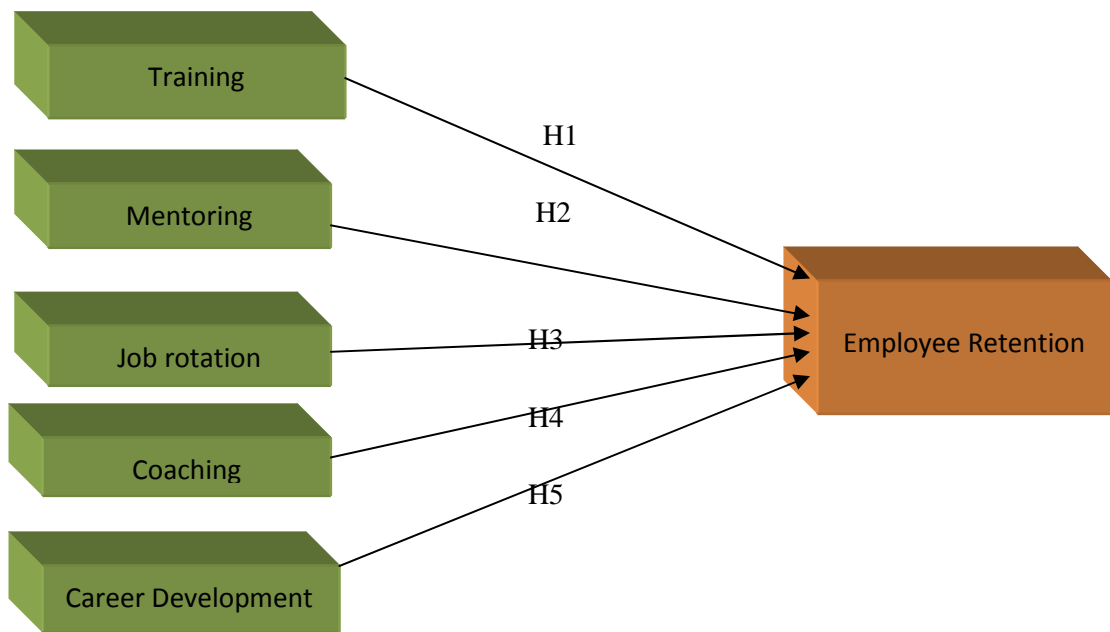


Figure 1.4: Research Conceptual Framework(Modified based on literatures)

## CHAPTER THREE

### 3. Methodology

In Methodology, the researcher studies the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. It is necessary for the researcher to know not only the research methods (techniques) but also the methodology as mentioned by Kothari (2004).

#### 3.1 Description of the Study Area

This specific topic refers to where the research will take place or the data used in this study was collected. Therefore, the corporation selected for this study is Ethiopian Insurance Corporation (EIC).

There are 17 insurance companies in Ethiopia. Out of which one is state owned (EIC) and other 16 private insurance companies in Ethiopia with different market shares, workforces, locations and number of branches.

In order to continuously upgrade the educational qualification of its employees, EIC proved its outstanding commitment in providing its employee with short & long term training programs both in Ethiopia and overseas.

As per a HRM directorate report on June 30, 2017, the total number of employees is 1,475. Out of which 905 (61.36%) are males & 570 (38.64%) females with different educational background. Both the management and supervisory employees of the corporation are highly skilled professionals with outstanding academic achievement as well as professional insurance qualifications and many years of excellent practical experience in the insurance industry (EIC Company Profile, 2017).

EIC has been selected to get better information about the study area. The data was gathered from permanent employees above officer positions and serving over one years and working in head office's different support processes, districts and branches located in Addis Ababa city only.

## **3.2 Research Approach**

There are two basic approaches to research as to Kothari (2004). These are quantitative approach and the qualitative approach. In order to achieve the study objectives, mixed approach was used in this research because using mixed research method could neutralize or cancel the bias of any single quantitative data Creswell (2009). Thus, a mixed approach has been selected to avoid any bias.

The quantitative approach will be helpful in quantifying variables which is gathered through close ended questions gathering and interpreting the statistical data. The study is interested to present both employees view and managements attitude towards retaining employees through HRD programs. It used to illustrate and represent questionnaire responses in simple percentage, tables and diagrams that reinforced by narration.

The qualitative approach is concerned with subjective assessment of attitudes, opinions and behavior as Kothari (2004) defined it. Interview, as per Creswell (2009) stated, can help us collect data that might involve visiting a research site and observing the behavior of individuals without predetermined questions or conducting an interview in which the individual is allowed to talk openly about a topic, largely without the use of specific questions. Descriptive survey method is more appropriate to gather variety of data related to the study and to analyze the data by qualitative approach.

## **3.3 Research Design**

According to Zikmund et al. (2009), a research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. It provides a framework or plan of action for the research, thus, it indicates the type of research methodology undertaken to collect the information for the intended study.

Thus, this study adopted explanatory research designs because the study intended to gather quantitative and qualitative data and examines the effect of HRD on employee retention.

Descriptive research design as mentioned by Kothari (2004) enables the researcher to the state of affairs as it exists at present on what was happened and what is happening without controlling over the variables and added as it describes characteristics of objects, people, groups, organizations, or environments. It tries to “paint a picture” of a given situation by addressing who, what, when, where, and how questions

The explanatory research design is conducted in order to identify the extent and nature of cause-and-effect relationships. It attempts to explain the cause and effect relationship between variables. Explanatory establishes the cause-effect between variables while descriptive research designs describes the relationship between HRD variables (independents) and employee retention variable (dependents).

This study was for academic purposes and involved observation of an entire population or a representative sample at one specific point in time. Therefore, it is basically a cross-sectional type in terms of time dimension and a case study research design.

### **3.4 Population, Sample Size and Sampling technique**

According to the data from EIC's HRM directorate, there are 1,475 total employees as of June 30, 2017 in the corporation. Out of which 863 employees are working in Addis Ababa while 612 employees are found in outlets outside Addis Ababa. The target population of this study was permanent management and non management employees of EIC who are working in Addis Ababa including the head office, districts and branches.

Out of the total employees working in Addis Ababa, 352 employees are working in head office and 511 employees are working in districts and branches located in Addis Ababa. The basic reasons the researcher has selected outlets in Addis Ababa which are eleven branches, seven districts and a head office in Addis Ababa are; these outlets comprising of more than 50% employees, there are differences in skill of human resources, authority limits, volume and nature of operations, risk entertaining capacity, decision making processes, less time and cost.

The sample frame consists of only employees above officer (grade 8) positions with two years of work experiences; employees working in Addis Ababa in selected branches, districts and a head office were included in this study to get relevant information.

Based on the objectives of the study, temporary employees, officer positions, below two years work experiences and employees working outside Addis Ababa were excluded from this research because they are not more beneficial and didn't get chances for these HRD programs when compared to others for instance for international insurance and non-insurance trainings like LOMA, ACCA, CIA and CII and this study mainly focus on retaining experienced insurance professionals.

As a result, the total population under investigation (after excluding employees below two years, employees below senior positions, temporary employees and employees outside Addis Ababa) comprised 362 employees drawn based on source list (sample frames) of excel soft copy.

For the purpose of making descriptive and inferences about the effect of HRD programs on Employee Retention in EIC, stratified sampling technique was used as it is very difficult to study the entire population because of feasibility, time and cost constraints.

To get a representative sample for the population under study the following simplified formula for is adopted. Using Slovin’s Formula, the sample size of 190 is calculated as follows from 362 target population at the confidence interval of 95% assuming a marginal error of 5% or probability of committing an error (Sertsu, 2016 and Getachew, 2016).

$$n = \frac{N}{1+N(e)^2} \qquad n = \frac{362}{1+362(0.05)^2} = 190.03 \approx 190$$

Where; n = the sample size

N = population size

e = the level of precision or sampling error (1-95%= 0.05)

Table 3.2: The Sample Size Determination Method

Population Size	Sample Size		
	Small	Medium	Large
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
<b>1,201-3,200</b>	<b>50</b>	<b>125</b>	<b>200</b>
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: Naresh Malhotra (2007) and Tsegaye (2016)

Taking 190 sample size by stated formula is a reasonable because 190 which is above medium of J. Carvalho, 1984 and falls within the range of the total population of 1,201 - 3,200 i.e. total population of this study is 1,475 through stratified sampling technique.

The sample size selected from the population as Kothari (2004) suggested it should neither be excessively large, nor too small; rather, it should be optimum; and optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility.

Thus, the study draws optimum sample from the complete list of the population under investigation, which accounts 190. As there existed various different employee levels, it is determined to use stratified probability sampling techniques in which each class may have equal chances of selection as shown in the following table below. This has been necessary to include the representatives of each specific group from each stratum. Then from each stratum respondents were selected through random sampling method (lottery system) i.e. sample size of each strata,  $n = N \left( \frac{190}{362} \right)$ .

Table 3.3: Sample Size of each strata located in Addis Ababa

S.N	Outlets	Working Areas	Total Employees in Strata	Sample Size	Percentage (%)
1.	Head office	Resource Management	21	11	6
		Finance and Investment	13	7	4
		BDRM	14	7	4
		General Insurance	35	18	10
		Long term Insurance	6	3	2
		ITSM	19	10	5
		Audit Service	19	10	5
		Legal Service	28	15	8
2.	Districts (A & B)	Retail Operations	67	35	19
		Corporate Operations	122	64	34
3.	Branches <sup>1</sup> (I & II)	Operations	18	9	5
		<b>Total</b>	<b>362</b>	<b>190</b>	<b>100</b>

ITSM = Information Technology System Management, BDRM = Business Development and Risk Management

Source: Computed Based on HRM directorate soft copy data

This study was adopted stratified sampling technique. It is one that ensures subgroups (strata) of a given population are each adequately represented within the whole sample population of a research study as mentioned by (Kothari, 2004 and Saunders et.al, 2009). It divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata and selected because it is widely applicable and very useful when the target population is heterogeneous. The strata are heterogeneous in terms of natures, volumes of operation size, authority limit and quality of workforce.

The researcher has preferred it for its higher statistical precision compared to simple random sampling. This is because the variability within the same district or branch are lower compared to the variations when dealing with the entire EIC employees since it has high

<sup>1</sup> Excluding recently opened 7 branch II levels in Addis Ababa city

statistical precision, it also a technique which requires a small sample size which can save a lot of time, money and effort of the researcher.

Based on the preliminary survey, the respondents both from management and non management employees were selected randomly from each branch, districts and a head office located in Addis Ababa based on their sufficient knowledge of work and experience of services for this particular research.

The reasons why this study used the probability sampling technique than non probability sampling technique is that there is heterogeneous features of participants in the sampling frame. Moreover, using the probability sampling will give each element equal chances everyone in target population to be included in the sample, better to represent the entire population and better for statistical manipulation instead of using non probability sampling technique which is basically more appropriate for homogeneous participants or respondents.

### **3.5 Data and Variables**

In attempt to address the stated objectives and to provide possible recommendations, this paper used both data sources.

The primary data that were collected through questionnaire filled by permanent management and non-management employees to measure their responses towards the five HRD programs as well as employees retention. Interview conducted with HRM directorate employees and training and development working units and other concerned body to get qualitative data the five independent variables and dependent variable. Besides, the quantitative data associated with left, trained and developed employees' data collected from respective working units.

Different views, concepts and issues for the study area are gathered from relevant literature data either internal or external to the corporation sources like books, annual reports, company profiles, others related researches and literatures, journals, internet sources as mentioned by Zikmund et.al (2009) and other published and unpublished sources related to the study.

Based on the objectives of the research and data from relevant empirical and theoretical literatures, HRD interventions that have effect on employees are career development, coaching, job rotation, mentoring and training. These variables were taken as independents and its effect on employee retention which is dependent variable.

### 3.6 Research Instruments

Questionnaires and interviews were developed based on literatures and according to the objectives of this research. They allowed the researcher to collect facts and attitudes from a wide range of sources. Kothari, (2004) stated that the questionnaire is appropriate because it is free from bias of the interviewer and respondents have adequate time to give well thought out answers.

The questionnaire's items to measure the effects of career development, job rotation, training, coaching and mentoring on employee retention's were developed based on the literatures according to the stated objectives. A questionnaire in the form of closed ended was used to extort responses that are within the scope of the study.

The quantitative data was collected using five point likert scales in questionnaire was introduced to obtain facts and measure attitudes of the respondents to a given questions or statements, a set of attitudes statements were presented, the respondents are asked to express the agreement or disagreement of five-point scales which ranges from Strongly Agree to Strongly Disagree as advocated by Kothari (2004) as summated scales (Likert-type scales) are developed to evaluate on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. It measures the respondent's attitude mostly used in the study of social attitudes and usually five degrees of agreement or disagreement. Even though there are issues and concerns about the limitation of such scales, the use of this method appears to have been accepted in behavioral and attitudinal research, for social science studies including employees' performance.

This study used structured questionnaires because they are simple to administer and relatively inexpensive to analyze and they have the provision of alternative replies, at times, help to understand the meaning of the question clearly as stated by Kothari (2004).

The questionnaire has three parts; the first part is general demographic information about the respondents, the second part is the five HRD interventions in general and the third is concerned with employee retention.

The qualitative was acquired through semi - structured interview and open ended questions in questionnaires are comments or opinions (i.e., qualitative in nature) which usually come in written and allow the researcher to provide elaborative interpretations without depending on numerical measurement as described by Zikmund et.al (2009) and have been analyzed using

content analysis contextually or qualitatively which means by summarizing on the basis of their similarities.

Finally, the results of the analysis combined to substantiate the outcome of the study. Interviews were conducted by asking selected participants of the corporation because it is relatively cost effective, responses are easier to interpret and address more specific issues Zikmund et.al (2009). It is also less structured and enables the researcher to extract a meaning from unstructured responses from a recorded interview and convert into information.

Before distributing the structured self-administered questionnaire, pilot test was conducted to test the reliability and validity of the instrument because Kothari (2004) advised that sound measurement must meet the tests of validity, reliability and practicality.

### **3.7 Data Collection Procedures**

One hundred ninety designed structured questionnaires were distributed to the participants through outlook of the corporation and by physically being contacting nearby outlets and then respondents. The researcher was responsible in distributing and in gathering them. After sending or distributing the questionnaires to sampled EIC employees a response period of approximately two weeks were given. In this time period the employees were reminded and informed to fill in the questionnaire by using cell phone and oral communications. The collected questionnaires were finally analyzed using SPSS software. After the analysis, all the questionnaires were destroyed. In this way the data couldn't be related to individual employees.

Interview was conducted immediately after the questionnaire has been collected. It was conducted with eight employees including a principal and two senior officers of HRM directorate, a head and principal officer of HRD team, three employees working in Head Office and Life Addis District to know in depth about HRD programs and their influences on retention. The data was collected in a series of in-depth oral interviews with each respondent, lasting 30 to 60 minutes to get more information. Walker (1985) stated that in-depth interviews will enable the informant to relate experiences and attitudes to the researcher in their own words. Kothari (2004) also mentioned it as method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. This method is used through personal interviews and, if possible, through telephone interviews.

The Secondary data was collected through reviewing, assessing relevant journals and studies, published and unpublished books, magazines, EIC annual reports and company profile, internet sources and research materials conducted on different organizations.

### 3.8 Data Analysis, Presentation and Interpretation

In order to meet the stated objectives in the above section, the data that were collected from structured questionnaire was analyzed according to the objectives. The structured questionnaire result was entered in to the up to date statistical software version known as statistical package for social Scientists (SPSS) for the analysis as Saunders et.al (2009) stated the qualitative and quantitative data are analyzed through using conceptualization as well as diagrams and statistics respectively.

As Zikmund et al. (2009) stated business researchers generally treat interval scales containing five or more categories of response as interval. When fewer than five categories are used, this assumption is inappropriate. The data obtained by using likert scales measurement, then descriptive analysis using descriptive statistics to measure the central tendency, frequencies and percentage of variables, correlation analysis is the most popular technique for indicating the relationship of one variable to another as Zikmund et.al (2009) stated to test interdependency of the variables.

Regression analysis to measure the relative strength of the five HRD interventions (independent variables) on employee retention (dependent variable) using different variables explained above by applying inferential statistics.

To investigate the basic relationships between the five independent variables and a dependent variable as a result to answer the **first** research question (What are the basic relationships of HRD interventions with employee retention in EIC?), correlation analysis was used and description of each independent variables with a dependent variable was conducted. By applying this, hypotheses from **H1** to **H5** were tested.

To understand if there is cause-effect relationship between independent and dependent variables, and as a result to answer the **second** research question (To what extent the HRD interventions affect employee retention in EIC?) simple linear regression analysis was employed. By doing this, hypothesis **H6** was tested.

In this regard, the regression model for this statistical analysis is;  $Y = \beta_0 + \beta X$  ; Where, Y=Employee Retention,  $\beta_0$  = Y- intercept or constant,  $\beta$ =the regression coefficient or slope or beta weight of HRD Programs, X = All HRD Programs.

To address the **third** research question (Which one of the HRD programs (CD, C, JR, M and T) affects employee retention more in EIC?) multiple regression analysis was used. By answering this question, the final hypothesis (**H7**) was tested. Dependent and Independent variables are conventionally represented by the letter Y and X respectively as mentioned by Zikmund et al.(2009).

In this regard, the multiple regression models for this statistical analysis is;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$  ; Where, Y=Employee Retention,  $\beta_0$ =Y-intercept or constant,  $\beta$ =the regression coefficient or slope or beta weight of HRD Programs.

- $X_1 - X_5$  are independent (explanatory) variables represents Career development (CD), Coaching (C), Job Rotation (JR), Mentoring (M) and Training (T) respectively.
- $\beta_1 - \beta_5$  are the coefficients of regression or beta weight of each independent which measure how each of the five independent variables influence the dependent variable that is employee retention.
- $\epsilon$  is error term.

The data collected through semi-structured interview and open-ended questions in questionnaires could be attitudes, comments or opinions which are qualitative in nature and they are analyzed using content analysis contextually or qualitatively which means summarizing on the basis of their similarities and finally the results of the analysis combined to substantiate the outcome of the study.

To address the last or **fourth** research question (What is the status of employee loyalty to EIC?) the qualitative analysis was used through content analysis of the interviewee.

Finally, on the bases of reviewed literatures and results of the data analysis and interpretations, the related conclusions and plausible recommendations were made.

### 3.9 Reliability and Validity

Using the computation of Cronbach's alpha the questionnaire reliability was evaluated to test internal consistency which stated by Creswell (2009) as construct internal consistency to be

checked. It is the most commonly applied estimate of a multiple-item scale's reliability as stated also by Zikmund et al (2009).

According to Kothari (2004), validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Thus, the validity of the research instrument was checked by following the logic in which the questions were checked and rechecked against the objectives of the study both by the researcher, colleagues and by asking the support of advisor.

Pilot testing for the instrument conducted to check the reliability of dependent and independent variables. Questionnaires were distributed for 19 respondents and 18 were collected. The reliability of the instruments was tested as indicated in the following table. Usually reliability coefficients should be at least 0.70 and higher to proceed the research as mentioned by Zikmund et al (2009).

Therefore, item six of mentoring was removed to increase coefficient of reliability of tool. Thus, the cronbach alpha was raised from 0.686 to 0.752. This helps to proceed conducting the research. One item is added to employee retention variable to effectively measure the dependent variable and some statements of the scale were amended to ease understanding of the item. The actual questionnaires were distributed by incorporating the feedbacks from the pilot studies and comments from the advisor and examiner.

Table 3.4: Reliability Test of pilot test

S.N	Measurement Scales	Total Items	Cronbach's Alpha Based on Standardized Items
1.	Mentoring (M)	5	0.752
2.	Job Rotation (JR)	6	0.767
3.	Career Development (CD)	9	0.841
4.	Training (T)	10	0.703
5.	Coaching (C)	8	0.746
6.	<b>All independent variables</b>	<b>38</b>	<b>0.928</b>
7.	Employee Retention (ER)	7	0.801
	<b>Total Items</b>	<b>45</b>	<b>-</b>

Source: Survey Data Computed in SPSS, 2018

Scales with a coefficient Cronbach's Alpha between 0.80 and 0.95 are considered to have very good reliability, scales with a coefficient between 0.70 and 0.80 are considered to have good reliability, a value between 0.60 and 0.70 indicates fair reliability and when the coefficient is below 0.6, the scale is believed to have poor reliability as Zikmund et al (2009) suggested. Thus, as the data on table 3.4 shows all the six variables have a Cronbach's Alpha lies between

0.703 to 0.841 and all are above 0.7. Therefore, the pilot test Cronbach's Alpha coefficients results are considered to have good reliability.

### **3.10 Ethical Considerations**

This study was conducted by taking the ethical issues into considerations. This could be by providing necessary information to the participants or respondents which may help them to identify the objective of the study and the use of the information as well. Informing them clearly the data obtained from them would be held in strict confidentiality by the researcher.

When the participants' secrecy was kept, then the participants or respondents were feeling free and safe to express their ideas in interviews and questionnaires techniques as well.

Plagiarism was avoided from this study by acknowledging the original authors as mentioned by Saunders et.al (2009) as it are scientific – stealing the ideas of others.

## CHAPTER THREE

### 4. Data Analysis, Interpretation and Discussion of Results

#### 4.1 Introduction

The main objective of this study is to examine the effect of HRD on employee retention in EIC. To do this, therefore, the aim of this chapter is to present, analyze, interpret and discuss the data's obtained through questionnaires and interviews from respondents.

The data gathered from employees of EIC through structured questionnaire is analyzed, presented and data cleaning processes has taken place in below under main and subtopics with the help of tables and graphs. The descriptive statistics analyzes the demographic, dependent and independent variables of the respondents based on research questions to see the effective implementation of HRD programs or interventions in order to retain employees.

The inferential statistical analysis is performed to investigate the associations or relationships of HRD programs with employee retention and the influences of HRD programs over employee retention to achieve the stated objectives. The summary of tested hypothesis and summary of interview responses using guiding interview questions were analyzed contextually to address the final specific objective.

#### 4.2 Data Cleaning, Response Rate and Reliability

Table 4.5: Response Rate

Category	Distributed	Returned	Not Returned	Rejected	Used	Response Rate
Employees	190	188	2	4	184	$184/190 \times 100 = 96.8\%$

Source: Survey Data Computed in SPSS, 2018

To collect data from EIC permanent employees, a total of 190 questionnaires were distributed for employees who are more than an officer position and above a year who are working in head office, districts and branches located in Addis Ababa.

Two employees didn't returned back the questionnaire because they given a sick leave and the other was arbitrary fill the same response from the beginning to the end. Four questionnaires were rejected due to incompleteness of the last part of the survey section

mainly items of dependent variable. However, the usable questionnaires were obtained from the respondents and a response rate of 96.8% was achieved.

As mentioned above 190 questionnaires were distributed for permanent employees and 184 were collected. Each items of all HRD programs' and employee retention's reliability after full data collection have been tested as shown in the appendix 3. All predictors and dependent variables reliability coefficients are above 0.758. Employee Retention and all HRD together registered Cronbach's Alpha of 0.830 and 0.931 respectively for overall 45 items. Usually reliability coefficients should be at least 0.70 and higher to proceed as mentioned in chapter three of this study.

Therefore, 184 respondents were considered for the entire analysis because the instrument is reliable. The data gathered from the respondents were analyzed using statistical software called SPSS Version 20 which is licensed statistical software for both descriptive and inferential statistical analysis.

### 4.3 Descriptive Analysis of Demographic Variables of Respondents

In this section, demographic variables of respondents such as gender, age, marital status, education, position, workplace, experience and working units were included to gather basic demographic information from respondents were described by using descriptive analysis because Zikmund et al (2009) stated that descriptive statistics can summarize responses from large numbers of respondents in a few simple statistics. When a sample is obtained, the sample descriptive statistics are used to make inferences about characteristics of the entire population of interest. It describes the basic characteristics such as central tendency, distribution, and variability.

Table 4.6: Summary of Demographic Characteristics of the Respondents

S.N	Variables	Respondents	Percentage
<b>1.</b>	<b>Sex</b>		
	1. Male	125	67.9
	2. Female	59	32.1
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>2.</b>	<b>Age</b>		
	1. Below 25 Years	8	4.3
	2. 26 - 35 Years	91	49.5
	3. 36 - 45 Years	61	33.2
	4. 46 Years and above	24	13.0
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>3.</b>	<b>Marital Status</b>		

	1. Married	115	62.5
	2. Single	66	35.9
	3. Divorced	3	1.6
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>4.</b>	<b>Education</b>		
	1. Diploma	2	1.1
	2. Degree	137	74.5
	3. Master's Degree	45	24.5
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>5.</b>	<b>Position</b>		
	1. Manageral	76	41.3
	2. Non-Managerial	108	58.7
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>6.</b>	<b>Place of work</b>		
	1. Head office	81	44.0
	2. District	94	51.1
	3. Branch	9	4.9
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>7.</b>	<b>Experience</b>		
	1. 2 - 5 Years	49	26.6
	2. 6 - 10 Years	65	35.3
	3. 11 - 15 Years	25	13.6
	4. 16 years and above	45	24.5
	<b>Total</b>	<b>184</b>	<b>100.0</b>
<b>8.</b>	<b>Working Unit</b>		
	1. Operation	98	53.3
	2. Human Resource	9	4.9
	3. Marketing	19	10.3
	4. Finance	17	9.2
	5. ITSM	10	5.4
	6. Others (legal, audit	31	16.8
	<b>Total</b>	<b>184</b>	<b>100.0</b>

Source: Survey Data Computed in SPSS, 2018

#### 4.3.1. Gender Composition

As shown in the above table (table 4.6), the majority of the respondents were 125 (68%) males and followed by 59(32%) females respondents. Thus, the compositions of respondents fairly represent each sex as indicated in the population.

#### 4.3.2. Age of Respondents

With regard to age category as indicated in table 4.6 above, the highest number, 91(49.5%) of the respondents are fall within the age bracket of 26–30 years which indicates that majority of the respondents were relatively young population which also in line with Misganaw (2016) followed by 61(33.2%) respondents age range of 36 – 45 years, 8(4.3%) respondents are

below 25 years of age and 24(12.8%) respondents are above 46 years of age. So the population can also be estimated to have such character.

In this regard, it can be seen that almost half of the population (49.5%) in the corporation is between the age group of 26-35 years and from this result it can be induced that the majority of employees of the corporation are at the young age population.

Moreover, as the core insurance service needs more knowledge and experienced employees, having employees with age of more than 35 years is believed advantageous, as they are expected to have more experiences, expertise and knowledge as time evolves. Therefore, the corporation needs to maintain employees who are working for a long time in the corporation than the younger one.

#### **4.3.3. Respondents by marital status**

With regard to the marital status of employees as indicated in table 4.6, the highest number of respondents which accounts 115 (62.5%) were married, 66(35.9%) were single and 3(1.6%) were divorced out of 184 the total respondents.

#### **4.3.4. Educational Level of Respondents**

Regarding the educational qualification of respondents, the highest number of respondents 137(74.5%) have first degree followed by 45 (24.5%) master's degree holders and only 2(1.1%) diploma level of education.

The corporation primary services are providing general (non-life), long – term (life) and legal liability insurance services are critical to achieve corporate strategic objective. Therefore, it is possible to infer that that academically, majority of respondents, who account 182 (99%) of sample respondents hold first degree and above. To this end, it is possible to say that there are qualified and competent employees are in the corporation. This makes the data obtained more reliable and representative of the exact picture of the total population in the corporation.

#### **4.3.5. Respondents by Employment Category (position)**

As per the above table (table 4.6), only 76(41.3%) respondents are management position while 108 (58.7%) respondents are non – managerial.

According to Zikmund et al (2009) Cross-tabulation is the appropriate technique for addressing research questions involving relationships among multiple less-than interval

variables. Accordingly, to see the distribution of positions variables with others demographic variables were indicated in table 4.7 as follow.

Table 4.7: The Gender, Education and Experience of the respondents by position

Position	Sex		Education			Experience (years)			
	M	F	Diplom	Degree	Master's	2-5	6-10	11-15	16 and
Managerial	55	21	0	41	35	3	33	17	23
Non-managerial	70	38	2	96	10	46	32	8	22
<b>Total</b>	<b>12</b>	<b>59</b>	<b>2</b>	<b>137</b>	<b>45</b>	<b>49</b>	<b>65</b>	<b>25</b>	<b>45</b>

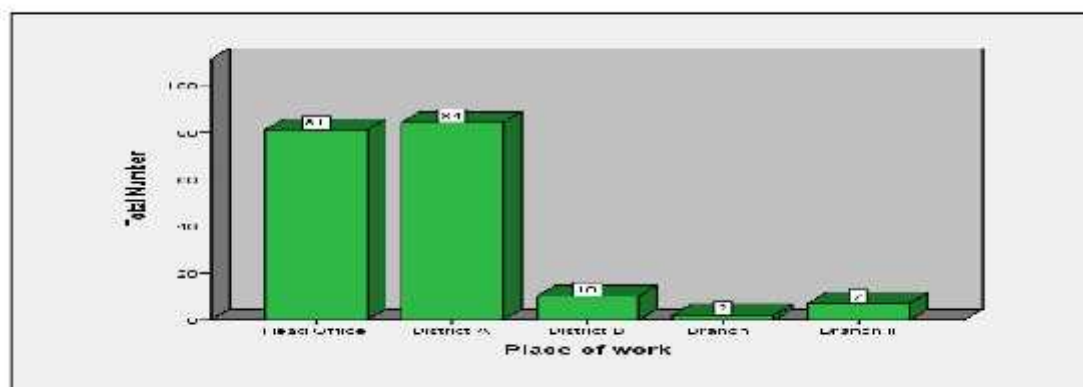
Source: Survey Data Computed in SPSS, 2018

As per the above table (table 4.7), more than 86 respondents are males and females in managerial position having 76 are more than first degree holders and 73 of employees served for more than six years. These all indicated that the corporation has more qualified and experienced insurance professionals across its branches, districts and a head office. Therefore, it should maintain them to achieve corporate strategy in current fierce insurance competition in Ethiopia because this result can be applied to the total population.

### 4.3.6. Respondents by Workplace

The sample of the population for this study was taken from branches, districts and head office located in Addis Ababa as indicated in the following bar graph.

Figure 4.5: Place of Work of Respondents



Source: Own Computation, 2018

As it is specified in figure 4.5, majority of sampled respondents were working in 84 (45.7%) District As, 81 (41%) of them in Head Office and the rest are working in 10(5.4%) District Bs and 9(4.9%) in Branches (I and II). This result can be applied to the total population of the

corporation. This result implies that majority of employees are engaged in core insurance services.

#### 4.3.7. Respondents by length of service (experience)

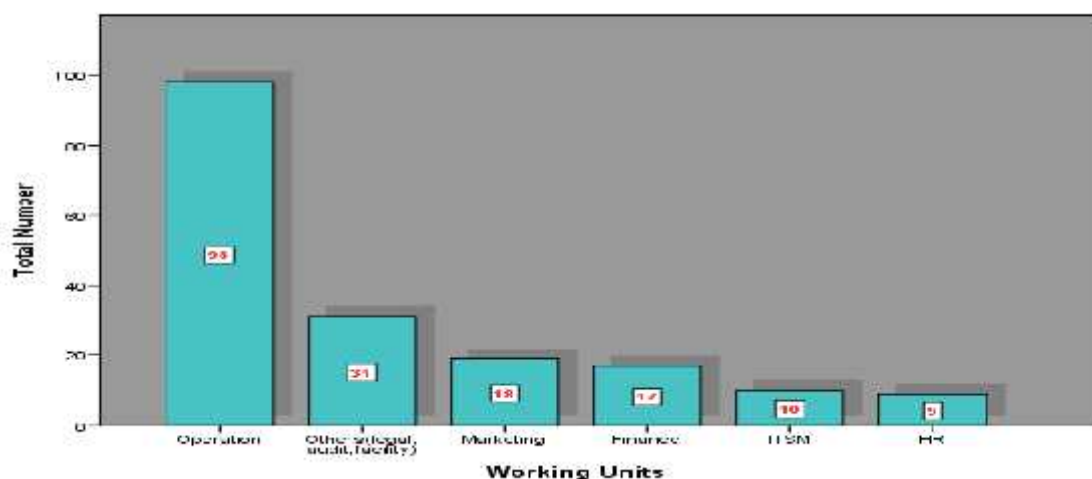
The data in table 4.6 reveals that majority of the respondents 65(35.3%) of employees work experience within the corporation range from 6-10 years followed by 49(26.6%) below 5 years, 45(24.5%) above 16 years, 25(13.6%) of employees between 11-15 years and which shows that majority of the workforce is relatively new and which may indicate the existence of high turnover rate in the corporation.

More than 135(73.4%) employees in the sample served for more than six years. This result can be applied to the total population of the corporation. Therefore, most of the employees in the corporation are senior. This tells us that they must be maintained regularly to enhance the efficiency and effectiveness of the company.

#### 4.3.8. Working units (departments) of respondents

The sample of the population for this study was taken from different working units (departments) as indicated in the following bar graph. Most of the employees in the sample were from operations business unit area and only the least employees included in the sample were from human resource development practice as depicted in the following graph.

Figure 4.6: Distribution of Respondents by Working Unit



Source: Survey Data Computed in SPSS, 2018

As shown in figure 4.6 the data shows that significant respondents are working in operation (long – term or general insurance service) which are 98(53.3%) and the remaining 86(46.6%)

are working in different working units as mentioned in the above graph. They were mainly from core processes working units this was due to the reason that most of the employees are engaged in providing for corporate and retail business units' insurance services.

Generally, based on 184 participants participated in this study of which it is possible to conclude that, most of the respondents participated in this study were males, in the age group of 26-35 years, married employees, first degree holders, working as non – managerial positions in districts as operation working units and have been working in EIC from 6 to 10 years. Each of these demographic variables was discussed separately as follows.

#### 4.4 Descriptive statistical analysis of the variables

In order to see the general perception of the respondents, identify and describe the existing HRD programs in EIC, five programs (interventions) of HRD were applied and the employees were asked to indicate the level or extent to which they agreed to statement related to HRD practiced by EIC on a five point likert scale for the independent and dependent variable analysis which ranges from strongly agree to strongly disagree indicated in the tables as 1=Strongly Agree (SA) and 2=Agree (A) which are below average, while 3=Neutral (N) mean or average point, 4=Disagree (D) and 5=Strongly Disagree (SDA) are above average. In order to more specific and for analysis purpose, the following table (table 4.8) range of scale and interpretations were used.

Table 4.8: Scale Range References

S.N	Scale Ranges	Interpretation
1.	1.4	Strongly Agree
2.	1.4 2.2	Agree
3.	2.2 3	Moderately Agree
4.	3	Neutral
5.	3 3.8	Moderately Disagree
6.	3.8 4.6	Disagree
7.	4.6	Strongly Disagree

Source: Computed Survey Data, 2018

The variables analyzed using descriptive statistics with the respective frequencies, percentages, means and standard deviations. The mean indicates to what extent the sample group averagely agrees or disagrees to different statements stated in the tables. The higher the mean, the more the respondents disagree where as the lower the mean, the more the respondents agree with the stated statements. On the other hand, standard deviation (SD)

shows the variability of observed responses from a single sample Marczyk, Dematteo and Festinger (2005).

In the consecutive tables 45 items of Mentoring (M), Job Rotation (JR), Career Development (CD), Training (T) and Coaching (C) of all respondents (N) were summarized in the tables. Each items of for every independent and dependent variables were abbreviated in the tables as indicated in the questionnaire in the appendix 1. The descriptive statistical analysis for the independent variables (HRD program) is discussed in the following sections.

#### 4.4.1. Mentoring

Mentoring (M) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of five statements (MQ1-MQ5) that indicates availability of effective implementation of Mentoring practices in EIC and the mean and standard deviation analyzed in descriptive statistics in the following table.

Using Mean and Standard deviation which is used to indicate the variation or dispersion from the average or mean”. A low standard deviation (SD) indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values.

Table 4.9: Descriptive Analysis of Mentoring

Items	Responses	SA	A	N	D	SDA	Mean	SD
MQ1(N=177)	Frequencies	10	41	33	52	41	3.41	1.231
	Valid %	5.6	23.2	18.6	29.4	23.2		
MQ2(N=182)	Frequencies	6	27	63	56	30	3.42	1.036
	Valid %	3.3	14.8	34.6	30.8	16.5		
MQ3(N=182)	Frequencies	3	35	33	79	32	3.56	1.043
	Valid %	1.6	19.2	18.1	43.4	17.6		
MQ4(N=183)	Frequencies	5	72	51	46	9	2.90	0.973
	Valid %	2.7	39.3	27.9	25.1	4.9		
MQ5(N=183)	Frequencies	21	80	39	29	14	2.65	1.114
	Valid %	11.5	43.7	21.3	15.8	7.7		
Overall Mentoring	Frequencies	9	51	44	52	25	3.18	0.786
	Valid %	5.0	28.1	24.1	28.9	14.0		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.9), the responses of each five statements or items of mentoring were analyzed in frequencies and percentages are summarized in the table.

The highest mean is 3.56 (regarded as moderately disagree level of agreement) and standard deviation 1.043 which indicated the corporation's top management didn't give chance for employees to express their views and attitudes about the objectives and work standard (MQ3) because majority of respondents 111(61%) have responded negatively (either disagree or strongly disagree) and some respondents 38(20.8%) positively (either agree or strongly agree) while 33(18.1%) neutral (neither agree nor disagree) responses to the stated third item.

The lowest mean score is 2.65 (regarded as moderately agree level of agreement) and standard deviation (1.114) for mentoring item indicated that employees have direct contact with senior management in case they need support and help from them at work (MQ5) because majority of respondents 101(55.2%) have responded positively and some respondents 43(23.5%) responded negatively while only 39(21.3%) neutral responses to the stated fifth item.

As indicated in the table 4.9, the overall Mentoring in EIC, as a component of HRD program, the majority of the average respondents 77(42.9%) of the respondents have given their negative responses and only 60(33.1%) of the respondents have given their consent or positive responses while only 44(24.1%) employees were indifferent or no response (neither disagree nor agree disagree level of agreement) to overall measurement of mentoring practices in EIC with overall mean and SD of 3.18 and 0.786 respectively that showed moderately disagree.

From the above descriptive analysis result in the above table, it is possible to infer that EIC is hardly implementing the mentoring practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response overweigh the positive responses) towards the five statements given in the above table to measure mentoring.

#### **4.4.2. Career Development**

Career Development (CD) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of nine statements (CDQ1-CDQ9) that indicates effective career development practices in EIC. Mean and standard deviation were analyzed in descriptive statistics in the following table.

Table 4.10: Descriptive Analysis of Career Development

Items	Responses	SA	A	N	D	SDA	Mean	SD
CDQ1(N=183)	Frequencies	5	42	46	57	33	3.39	1.108
	Valid %	2.7	23.0	25.1	31.1	18.0		
CDQ2(N=182)	Frequencies	19	104	39	18	2	2.34	0.837
	Valid %	10.4	57.1	21.4	9.9	1.1		
CDQ3(N=183)	Frequencies	1	50	59	51	22	3.23	1.002
	Valid %	.5	27.3	32.2	27.9	12.0		
CDQ4(N=182)	Frequencies	5	17	60	57	43	3.64	1.030
	Valid %	2.7	9.3	33.0	31.3	23.6		
CDQ5(N=183)	Frequencies	2	18	53	71	39	3.69	0.952
	Valid %	1.1	9.8	29.0	38.8	21.3		
CDQ6(N=183)	Frequencies	3	29	72	35	44	3.48	1.073
	Valid %	1.6	15.8	39.3	19.1	24.0		
CDQ7(N=182)	Frequencies	11	22	56	55	38	3.48	1.131
	Valid %	6.0	12.1	30.8	30.2	20.9		
CDQ8(N=181)	Frequencies	14	85	48	28	6	2.60	0.953
	Valid %	7.7	47.0	26.5	15.5	3.3		
CDQ9(N=170)	Frequencies	1	25	53	52	39	3.61	1.016
	Valid %	.6	14.7	31.2	30.6	22.9		
Overall Career Development	Frequencies	6.8	43.6	54.0	47.1	29.6	3.27	0.671
	Valid %	3.7	24.0	29.8	26.0	16.4		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.10), each responses of nine statements or items of career development were analyzed in frequencies and percentages in the table.

The highest mean is 3.69 (moderately disagree) and standard deviation 0.952 which indicated career gaps were not continuously identified both by employee and employer (CDQ5) because majority of respondents 110(60.1%) have responded negatively (either disagree or strongly disagree) and some respondents 20(10.9%) positively (either agree or strongly agree) while 53(29%) neutral (neither agree nor disagree) responses to the stated fifth item.

The lowest mean score is 2.34 (moderately agree) and standard deviation 0.837 for career development item indicated that employee career paths are clearly defined and are available from the HRM directorate (CDQ2) because majority of respondents 123(67.5%) have responded positively and some respondents 20(11%) responded negatively while only 39(21.4%) neutral responses to the stated second item.

As indicated in the table 4.10, the overall career development in EIC, as a component of HRD program, the majority of the average respondents 76.7(42.4%) of the respondents have

given their negative responses and only 50.4(27.7%) of the respondents have given their consent or positive responses while only 54(29.8%) employees were indifferent or no response (neither disagree nor disagree level of agreement) to overall measurement of career development practices in EIC with overall mean and SD of 3.27 and 0.671 respectively that showed moderately disagree.

From the above descriptive analysis result in the above table, it is possible to infer or conclude that EIC is hardly implementing the career development practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response overweigh the positive responses) towards the nine statements given in the above table to measure career development.

#### 4.4.3. Job Rotation

Job Rotation (JR) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of six statements (JRQ1-JRQ6) that indicates effective job rotation practices in EIC. Mean and standard deviation were analyzed in descriptive statistics in the following table.

Table 4.11: Descriptive Analysis of Job Rotation

Items	Responses	SA	A	N	D	SDA	Mean	SD
JRQ1(N=179)	Frequencies	18	75	37	32	17	2.75	1.151
	Valid %	10.1	41.9	20.7	17.9	9.5		
JRQ2(N=183)	Frequencies	4	22	44	61	52	3.74	1.068
	Valid %	2.2	12.0	24.0	33.3	28.4		
JRQ3(N=183)	Frequencies	8	32	48	57	38	3.46	1.133
	Valid %	4.4	17.5	26.2	31.1	20.8		
JRQ4(N=180)	Frequencies	6	55	43	49	27	3.20	1.131
	Valid %	3.3	30.6	23.9	27.2	15.0		
JRQ5(N=182)	Frequencies	5	17	43	65	52	3.78	1.049
	Valid %	2.7	9.3	23.6	35.7	28.6		
JRQ6(N=180)	Frequencies	6	7	58	67	42	3.73	0.972
	Valid %	3.3	3.9	32.2	37.2	23.3		
Overall Job Rotation	Frequencies	7.8	34.7	45.5	55.2	38.0	3.44	0.798
	Valid %	4.3	19.2	25.1	30.4	20.9		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.11), each responses of six statements or items of job rotation were analyzed in frequencies and percentages in the table.

The highest mean is 3.78 (moderately disagree) and standard deviation 1.049 which indicated Job rotation was not implemented based on the consent of each employee in every

working team in EIC (JRQ5) because majority of respondents 117(64.3%) have responded negatively (either disagree or strongly disagree) and some respondents 22(12%) positively (either agree or strongly agree) while 43(23.6%) neutral (neither agree nor disagree) responses to the stated fifth item.

The lowest mean score is 2.75 (moderately agree) and standard deviation 1.151 for employees have acquired multiplicity of knowledge by working plenty of tasks (JRQ1) because majority of respondents 93(52%) have responded positively and some respondents 49(27.4%) responded negatively while only 37(20.7%) neutral responses to the stated first item of job rotation.

As indicated in the table 4.11, the overall Job Rotation in EIC, as a component of HRD program, the majority of the average respondents 93.2(51.3%) of the respondents have given their negative responses and only 42.5(23.5%) of the respondents have given their consent or positive responses while only 45.5(25.1%) employees were indifferent or no response (neither disagree nor agree) to overall measurement of job rotation practices in EIC with overall mean and SD of 3.44 and 0.798 respectively that showed moderately disagree.

From the above descriptive statistical analysis result in the above table, it is possible to infer or conclude that EIC is hardly implementing the job rotation practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response overweigh the positive responses) towards the six statements given in the above table to measure job rotation.

#### **4.4.4. Training**

Training (T) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of ten statements (TQ1-TQ10) that indicates effective training practices in EIC. Mean and standard deviation were analyzed in descriptive statistics in the following table.

Table 4.12: Descriptive Analysis of Training

Items	Responses	SA	A	N	D	SDA	Mean	SD
TQ1(N=183)	Frequencies	2	24	44	71	42	3.69	1.002
	Valid %	1.1	13.1	24.0	38.8	23.0		
TQ2(N=182)	Frequencies	3	41	33	62	43	3.56	1.130
	Valid %	1.6	22.5	18.1	34.1	23.6		
TQ3(N=183)	Frequencies	4	28	32	72	47	3.71	1.078
	Valid %	2.2	15.3	17.5	39.3	25.7		
TQ4(N=183)	Frequencies	7	56	42	56	22	3.16	1.107
	Valid %	3.8	30.6	23.0	30.6	12.0		
TQ5(N=179)	Frequencies	4	35	50	57	33	3.45	1.071
	Valid %	2.2	19.6	27.9	31.8	18.4		
TQ6(N=183)	Frequencies	19	78	33	36	17	2.75	1.164
	Valid %	10.4	42.6	18.0	19.7	9.3		
TQ7(N=183)	Frequencies	1	32	57	62	31	3.69	1.002
	Valid %	.5	17.5	31.1	33.9	16.9		
TQ8(N=176)	Frequencies	9	66	64	32	5	3.56	1.130
	Valid %	5.1	37.5	36.4	18.2	2.8		
TQ9(N=184)	Frequencies	4	82	58	29	11	3.71	1.078
	Valid %	2.2	44.6	31.5	15.8	6.0		
TQ10(N=169)	Frequencies	3	19	79	41	27	3.16	1.107
	Valid %	1.8	11.2	46.7	24.3	16.0		
Overall Training	Frequencies	5.6	46.1	49.2	51.8	27.8	3.45	1.071
	Valid %	3.1	25.5	27.4	28.6	15.4		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.12), each responses of ten statements or items of training were analyzed in frequencies and percentages in the table.

The highest mean is 3.71 (moderately disagree) and SD 1.078 which indicated training opportunities were not available to all employees continuously to improve their abilities, skills and knowledge (TQ3) because majority of respondents 119(65%) have responded negatively (either disagree or strongly disagree) and some respondents 32(17.5%) positively (either agree or strongly agree) while 32(17.5%) neutral (neither agree nor disagree) responses to the stated third item.

The lowest mean score is 2.75 (moderately agree) and SD 1.164 for training item indicated that EIC has full resources like hall, facilities and trainers to undertake training (TQ6) because majority of respondents 97(53%) have responded positively and some respondents 53(29%) responded negatively while only 33(18%) neutral responses to the stated sixth item.

As indicated in the table 4.12, the overall Training in EIC, as a component of HRD program, the majority of the average respondents 79.6(44%) of the respondents have given their

negative responses and only 51.7(28.6%) of the respondents have given their consent or positive responses while only 49.2(27.4%) employees were indifferent or no response (neither disagree nor agree) to overall measurement of training practices in EIC with overall mean and SD of 3.45 and 1.071 respectively that showed moderately disagree.

From the above descriptive analysis result in the above table, it is possible to infer or conclude that EIC is hardly implementing the training practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response overweigh the positive responses) towards the ten statements given in the above table to measure training.

#### 4.4.5. Coaching

Coaching (C) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of eight statements (CQ1-CQ8) that indicates effective coaching practices in EIC. Mean and standard deviation were analyzed in descriptive statistics in the following table.

Table 4.13: Descriptive Analysis of Coaching

Items	Responses	SA	A	N	D	SDA	Mean	SD
CQ1(N=178)	Frequencies	2	42	47	69	18	3.33	0.984
	Valid %	1.1	23.6	26.4	38.8	10.1		
CQ2(N=183)	Frequencies	2	19	75	65	22	3.47	0.876
	Valid %	1.1	10.4	41.0	35.5	12.0		
CQ3(N=181)	Frequencies	1	28	46	78	28	3.58	0.949
	Valid %	.6	15.5	25.4	43.1	15.5		
CQ4(N=179)	Frequencies	3	40	78	40	18	3.17	0.945
	Valid %	1.7	22.3	43.6	22.3	10.1		
CQ5(N=183)	Frequencies	3	35	45	77	23	3.45	0.992
	Valid %	1.6	19.1	24.6	42.1	12.6		
CQ6(N=179)	Frequencies	2	18	61	69	29	3.59	0.916
	Valid %	1.1	10.1	34.1	38.5	16.2		
CQ7(N=181)	Frequencies	2	23	52	68	36	3.62	0.979
	Valid %	1.1	12.7	28.7	37.6	19.9		
CQ8(N=183)	Frequencies	40	117	14	8	4	2.01	0.819
	Valid %	21.9	63.9	7.7	4.4	2.2		
Overall Coaching	Frequencies	6.9	40.3	52.3	59.3	22.3	3.27	0.632
	Valid %	3.8	22.2	28.9	32.8	12.3		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.13), the responses of seven statements or items of coaching were analyzed in frequencies and percentages in the table.

The highest mean is 3.62 (moderately disagree) and SD 0.979 which indicated after formal performance review, employee learning and development needs were not identified (CQ7) because majority of respondents 104(57.5%) have responded negatively (either disagree or strongly disagree) and some respondents 25(13.8%) positively (either agree or strongly agree) while 52(28.7%) neutral (neither agree nor disagree) responses to the stated seventh item.

The lowest mean score is 2.01 (agree) and SD 0.819 for coaching item indicated that employees have a good relationship and respect with their colleagues in EIC(CQ8) because majority of respondents 157(85.8%) have responded positively and some respondents 12(6.6%) responded negatively while only 14(7.7%) neutral responses to the stated eighth item.

As indicated in the table 4.13, the overall Coaching in EIC, as a component of HRD program, the majority of the average respondents 81.6(45.1%) of the respondents have given their negative responses and only 47.2(26%) of the respondents have given their consent or positive responses while only 52.3(28.9%) employees were indifferent or no response (neither disagree nor agree) to overall measurement of coaching practices in EIC with overall mean and SD of 3.27 and 0.632 respectively that showed moderately disagree.

From the above descriptive analysis result in the above table, it is possible to wrap up that EIC is hardly implementing the coaching practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response outweigh the positive responses) towards the eight statements given in the above table to measure coaching.

#### **4.4.6. Employee Retention**

Employee Retention (ER) was measured by level of agreement ranging from Strongly Agree (SA) to Strongly Disagree (SDA) of seven statements (ER) that indicates effective Employee Retention practices in EIC. Mean and SD were analyzed in descriptive statistics in the following table.

Table 4.14: Descriptive Analysis of Employee Retention

Items	Responses	SA	A	N	D	SDA	Mean	SD
ERQ1(N=183)	Frequencies	1	22	46	73	41	3.72	0.964
	Valid %	.5	12.0	25.1	39.9	22.4		
ERQ2(N=184)	Frequencies	13	43	51	51	26	3.19	1.154
	Valid %	7.1	23.4	27.7	27.7	14.1		
ERQ3(N=183)	Frequencies	8	44	49	43	39	3.33	1.183
	Valid %	4.4	24.0	26.8	23.5	21.3		
ERQ4(N=184)	Frequencies	3	20	67	70	24	3.50	0.911
	Valid %	1.6	10.9	36.4	38.0	13.0		
ERQ5(N=181)	Frequencies	14	92	42	25	8	2.56	0.973
	Valid %	7.7	50.8	23.2	13.8	4.4		
ERQ6(N=184)	Frequencies	4	34	37	70	39	3.58	1.084
	Valid %	2.2	18.5	20.1	38.0	21.2		
ERQ7(N=184)	Frequencies	6	50	57	43	28	3.20	1.100
	Valid %	3.3	27.2	31.0	23.4	15.2		
Overall ER	Frequencies	7.0	43.6	49.9	53.6	29.3	3.30	0.744
	Valid %	3.8	23.8	27.2	29.2	16.0		

Source: Survey Data Computed in SPSS, 2018

As given in the above table (table 4.14), the responses of seven statements or items of employee retention were analyzed in frequencies and percentages in the table.

The highest mean is 3.72 (moderately disagree) and SD 0.964 which indicated employees were not satisfied with the working conditions in EIC (ERQ1) because majority of respondents 114(62.3%) have responded negatively (either disagree or strongly disagree) and some respondents 23(12.5%) positively (either agree or strongly agree) while 46(25.1%) neutral (neither agree nor disagree) responses to the stated first item.

The lowest mean score is 2.56 (moderately agree) and SD 0.973 for career development item indicated that employee identified themselves with and involved fully in the corporation's work (ERQ5) because majority of respondents 106(58.5%) have responded positively and some respondents 33(18.2%) responded negatively while only 42(23.2%) neutral responses to the stated fifth item.

As indicated in the table 4.14, the overall Employee Retention in EIC, as a component of HRD program, the majority of the average respondents 82.9(45.2%) of the respondents have given their negative responses and only 50.6(27.6%) of the respondents have given their consent or positive responses while only 49.9(27.2%) employees were indifferent (neither disagree nor agree disagree) to overall measurement of employee retention practices in EIC with overall mean and SD of 3.30 and 0.744 respectively that showed moderately disagree.

From the above descriptive analysis result in the above table, it is possible to infer or conclude that EIC is hardly implementing the employee retention practice so that major employees responded either disagree or strongly disagree (as it is evidenced by the respondents' negative response outweigh the positive responses) towards the seven statements given in the above table to measure employee retention.

From the above analysis, it is possible to deduce that EIC is hardly implementing HRD programs so that significantly leads to employee turnover.

Table 4.15: Average Summary of Descriptive Analysis

<b>Descriptive Analysis</b>	<b>Mentoring</b>	<b>Job Rotation</b>	<b>Career Development</b>	<b>Training</b>	<b>Coaching</b>	<b>Employee Retention</b>
Frequency	184	184	184	184	184	184
Mean	3.18	3.44	3.27	3.28	3.27	3.30
Std. Deviation	0.79	0.80	0.67	0.62	0.63	0.74
Minimum	1.00	1.00	1.44	1.60	1.88	1.57
Maximum	5.00	5.00	5.00	5.00	5.00	5.00

Source: Survey Data Computed in SPSS, 2018

As indicated in the above table (4.15), the results of the HRD variables such as Mentoring, Job rotation, Career Development, Training, Coaching and Employee Retention show above average mean scores in all predictors and outcome. The mean scores of all HRD programs implemented in EIC were above average level. i.e. (the mean score ranges from 3.18 (SD=0.79) up to 3.44(SD=.80) were obtained). This indicated all HRD programs were not partially or moderately implemented in EIC.

Among all the HRD programs under study, relatively mentoring (mean = 3.18, SD = 0.79) is practiced the highest than the rest because there is good employee work relationship as replied by some interview participants in the corporation whereas relatively Job rotation (mean = 3.44, SD = 0.80) is the least practiced independent variable in the corporation and it implies respondents believe that the corporation is not properly implementing job rotation because the corporation didn't have independent and proper implementation of HRD policy and procedure as it was understood from interview participants.

Generally as indicated in tables 4.9 - 4.14, It is possible to summarize the result of descriptive analysis is that there were negative responses (moderately disagree) than positive (moderately agree) responses for all of the HRD programs and employee retention in EIC.

Therefore, majority of the respondents believe that Mentoring, Job rotation, Career Development, Training and Coaching were not partially well practiced as well as there was no partially appropriate way of retaining employees in the corporation. These also showed that ineffective implementation of HRD programs didn't help to maintain experienced insurance professionals in previous time.

#### **4.5 Inferential statistics of Variables**

This subtopic portrayed and discussed the relationship between HRD programs and employee retention. In this regard, first the overall HRD programs relationships with the employee retention were analyzed. Second, the association between each component of HRD programs such as mentoring, job rotation, career development, coaching and training with the employee retention. Finally, the overall influence of HRD programs separately and its components on employee retention are also examined in the following sub topics.

#### **4.6 Correlation Analysis**

Correlation analysis is a technique used for indicating the relationship of one variable to another and can be considered as a standardized covariance that shows the extent to which a change in one variable corresponds systematically to a change in another (Zikmund et al, 2009).

According to Marczyk et al (2005) correlations are perhaps the most basic and most useful measure of association between two or more variables. Expressed in a single number called a correlation coefficient ( $r$ ), correlations provide information about the direction of the relationship (either positive or negative) and the intensity of the relationship ( $-1.0$  to  $+1.0$ ). The sign of the coefficient represents the direction of the relationship.

The coefficient (value) itself indicates the strength of the relationship. The closer it gets to  $1.0$  (whether it is negative or positive), the stronger the relationship. In general, correlations of  $.01$  to  $.30$  are considered small, correlations of  $.30$  to  $.70$  are considered moderate, correlations of  $.70$  to  $.90$  are considered large, and correlations of  $.90$  to  $1.00$  are considered very large.

Therefore, the strength of correlations were interpreted through suggestion of Marczyk et al (2005) in the following pattern:-

- 0.01 - 0.30 “Small”
- 0.30 - 0.70 “Moderate”
- 0.70 - 0.90 “Large”
- 0.90 – 1.00 “Very Large”

Correlation coefficient is a standardized measure of an observed effect. A coefficient of +1 indicates a perfect positive relationship, so as one variable increases, the other increases by a proportionate amount. A coefficient of -1 indicates a perfect negative relationship, if one variable increases the other decreases by a proportionate amount. A coefficient of 0 indicates no linear relationship at all and so if one variable changes, the other stays the same. And a correlation coefficient of values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  represent a large effect (Field, 2009).

#### 4.6.1 The relationship between Overall programs and Employee Retention

The correlation between variables in this study Pearson’s correlation coefficient (r) was used in order to answer research question 1: What are the basic relationships of HRD interventions with employee retention in EIC? And to test five hypotheses (H1- H5) which stated as there is significant relationship between each HRD programs such as career development, coaching, job rotation, mentoring and training with employee retention.

Table 4.16: Correlation between HRD programs and Employee Retention (ER)

		HRD Programs	Employee Retention
<b>HRD Programs</b>	Pearson Correlation	1	.666**
	Sig. (2-tailed)		.000
	N	184	184
<b>Employee Retention</b>	Pearson Correlation	.666**	1
	Sig. (2-tailed)	.000	
	N	184	184
<b>** Correlation is significant at the 0.01 level (2-tailed).</b>			

Source: Survey Data Computed in SPSS, 2018

As shown in the above table (table 4.16) which demonstrates the relationship or association between the overall HRD program and employee retention. Thus, according to bivariate analysis, the Pearson’s correlation coefficient (r) indicated that there is statistically significant positive or direct moderate correlation between HRD programs and Employee Retention ( $r=0.666$ ,  $p<0.01$ ).

This result, therefore, shows that EIC should align the effective implementation of all HRD programs with retention and one can argue that HRD program has an effect on ER, thus, align all HRD programs with ER and should be included in the EIC strategy. Moreover, the result, obtained from this correlation coefficient (r), is found similar with the finding of Molla (2016).

Additionally, to examine the relationship of HRD programs with employee retention in more detail approach, the correlation analysis has conducted to see the relationship of each individual HRD programs with employee retention and presented as follows.

#### 4.6.2 The relationship between Each programs and Employee Retention

Table 4.17: Correlations Matrix of All HRD Programs and Employee Retention

		M	JR	CD	T	C	ER
M	Pearson Correlation	1	.545**	.528**	.475**	.445**	.484**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	184	184	184	184	184	184
JR	Pearson Correlation	.545**	1	.647**	.435**	.575**	.494**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	184	184	184	184	184	184
CD	Pearson Correlation	.528**	.647**	1	.555**	.564**	.635**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	184	184	184	184	184	184
T	Pearson Correlation	.475**	.435**	.555**	1	.586**	.552**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	184	184	184	184	184	184
C	Pearson Correlation	.445**	.575**	.564**	.586**	1	.535**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	184	184	184	184	184	184
ER	Pearson Correlation	.484**	.494**	.635**	.552**	.535**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	184	184	184	184	184	184

\*\* . Correlation is significant at the 0.01 level (2-tailed). Source: Survey Data Computed in SPSS, 2018

### 4.6.3 The relationship between Training and Employee Retention

As shown in the above table (table 4.17) which illustrates the relationship between the training and employee retention. Thus, according to bivariate analysis, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive correlation between training and employee retention ( $r=0.552$ ,  $p<0.01$ ). Furthermore, this result is similar to the research finding of Molla (2016).

❖ H1: There is significant relationship between Training and Employee Retention.

To check this hypothesis, Pearson's correlation coefficient was used and discussed above, there is significant relationship between training and employee retention, where  $r$  value is 552 and  $p$  value for all relationship is less than 0.01. This can be interpreted as Training has significant moderate positive relationship with employee retention. Therefore, **H1 is accepted.**

### 4.6.4 The relationship between Mentoring and Employee Retention

As table 4.17 depicts the relationship between the mentoring and employee retention. Thus, according to bivariate analysis, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive correlation between mentoring and employee retention ( $r=0.484$ ,  $p<0.01$ ). Furthermore, this result is very similar to the research finding of Molla (2016).

❖ H2: There is significant relationship between Mentoring (M) and Employee Retention (ER).

To check this hypothesis, Pearson's correlation coefficient was used and discussed above, there is significant relationship between mentoring and employee retention, where  $r$  value is 484 and  $p$  value for all relationship is less than 0.01. This can be interpreted as Mentoring has significant moderate positive relationship with employee retention. Therefore, **H2 is accepted.**

### 4.6.5 The relationship between Job Rotation and Employee Retention

As shown in the above table (table 4.17) which also illustrates the relationship between Job Rotation and Employee Retention. Thus, according to bivariate analysis, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive

correlation between Job Rotation and Employee Retention ( $r=0.494$ ,  $p<0.01$ ). Furthermore, this result is very similar to the research finding of Molla (2016).

❖ H3: There is significant relationship between Job Rotation and Employee Retention.

To test this hypothesis, Pearson's correlation coefficient was used and discussed above. There is significant relationship between job rotation and employee retention, where  $r$  value is 494 and  $p$  value for all relationship is less than 0.01. This can be interpreted as Job rotation has significant moderate positive relationships with employee retention. Therefore, **H3 is accepted.**

#### **4.6.6 The relationship between Coaching and Employee Retention**

As shown in the above table (table 4.17) which illustrates the relationship between Coaching and Employee Retention. Thus, according to bivariate analysis, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive correlation between coaching and employee retention ( $r=0.535$ ,  $p<0.01$ ). Furthermore, this result is similar to the research finding of Har (2008).

❖ H4: There is significant relationship between Coaching and Employee Retention.

To test this hypothesis, Pearson's correlation coefficient was used and discussed above. There is significant relationship between coaching and employee retention, where  $r$  value is 535 and  $p$  value for all relationship is less than 0.01. This can be interpreted as coaching has significant moderate positive relationships with employee retention. Therefore, **H4 is accepted.**

#### **4.6.7 The relationship between Career Development and Employee Retention**

As shown in the above table (table 4.17) which illustrates the relationship between career development and employee retention. Thus, according to bivariate analysis, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive correlation between Career Development and Employee Retention ( $r=0.635$ ,  $p<0.01$ ). Furthermore, this result very is similar to the research finding of Molla (2016). These finding also agree with Foday (2014) and Wane (2016).

❖ H5: There is significant relationship between Career Development and Employee Retention.

To test this hypothesis, Pearson's correlation coefficient was used and discussed above, there is significant relationship between career development and employee retention, where  $r$  value is 0.635 and  $p$  value for all relationship is less than 0.01. This can be interpreted as Career Development has significant moderate positive relationships with employee retention. Therefore, **H5 is accepted.**

It is approved that there is significant moderate positive relationships observed between the overall HRD programs and employee retention in EIC in the table 4.16. Similarly, there are significant moderate positive relationships observed from the correlation analysis shown in the above table 4.17 between the each individual HRD programs and employee retention in EIC as well.

Based on bivariate correlation analysis specified in the table 4.16, the Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant positive or direct moderate associations between HRD programs and Employee Retention ( $r=0.666$ ,  $p<0.01$ ).

All individual predictors of HRD programs have significant moderate positive relationships with employee retention in EIC. The Pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant positive or direct moderate correlation or relationship between the Mentoring ( $r=0.484$ ,  $p<0.01$ ), Job Rotation ( $r=0.494$ ,  $p<0.01$ ), Career Development ( $r=0.635$ ,  $p<0.01$ ), Coaching ( $r=0.535$ ,  $p<0.01$ ), Training ( $r=0.552$ ,  $p<0.01$ ) and Employee Retention.

As it can be seen from each correlation in the above table (table 4.17), relatively, among HRD programs Career development has strongest positive relationship with employee retention ( $r=0.635$ ,  $p<0.01$ ) whereas mentoring has the weakest positive relationship with employee retention ( $r=0.484$ ,  $p<0.01$ ) in EIC.

## 4.7 Regression Analysis

Regression analysis was conducted in order to determine the explanatory power of the independent variables (five HRD programs) in the variation of dependent variable (ER) as stated by Zikmund et al.(2009), regression analysis is another technique for measuring the linear association between a dependent and an independent variable. Regression is a dependence technique that makes a distinction between dependent and independent variables. The results for the simple and multiple linear regression analysis are presented as follows.

## 4.8 Regression Model Assumptions

To draw conclusions about a population based on a regression analysis done on a sample, according to Field (2009) the following assumptions: non-zero variance, linearity, no perfect multicollinearity, independent error and homoscedasticity must be true. According to other literatures, when a linear regression is conducted to analyze data, the following regression model assumptions must be tested.

### 4.8.1 Multicollinearity

As many literatures suggested, multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. According to Kothari (2004), in multiple regression analysis, the regression coefficients become less reliable as the degree of correlation between the independent variables increases. Thus, if there is a high degree of correlation between predictors variables, it is possible to they the analysis have a problem of what is commonly described as the problem of multicollinearity.

In this regard, based on the correlation matrix (table 4.17), the correlation coefficient ( $r$ ) between each individual HRD programs ranges from 0.435 to 0.647.

There is a significant moderate positive relationships between M and JR ( $r=0.545$ ,  $p<0.01$ ), M and CD ( $r=0.528$ ,  $p<0.01$ ), M and T ( $r=0.475$ ,  $p<0.01$ ), M and C ( $r=0.445$ ,  $p<0.01$ ), JR and CD ( $r=0.647$ ,  $p<0.01$ ), JR and T ( $r=0.435$ ,  $p<0.01$ ), JR and C ( $r=0.575$ ,  $p<0.01$ ), CD and T ( $r=0.555$ ,  $p<0.01$ ), CD and T ( $r =0.564$ ,  $p < 0.01$ ) and finally T and C ( $r =0.586$ ,  $p<0.01$ ).

Therefore, there is significant moderate positive relationship between these individual HRD programs may bring individual parameter estimate difficulty in linear regression. As a result, checking for the multicollinearity effect (collinearity diagnosis) is essential. Consequently, the collinearity statistics result for both independent variable components were performed using SPSS software and presented as follows.

Table 4.18: Multicollinearity Test

Serial Number	Variables	Collinearity Statistics	
		Tolerance	VIF
1.	Mentoring	.614	1.629
2.	Job Rotation	.478	2.092
3.	Career	.465	2.153
4.	Training	.558	1.792
5.	Coaching	.518	1.932
<b>The Dependent Variable is Employee Retention</b>			

Source: Survey Data Computed in SPSS, 2018

According to Saunders et al. (2009), most regression practices can compute Variance Inflation Factors (VIF) for each variable and as a rule of thumb; VIF above 5.0 suggests problems with multicollinearity. Moreover, Field (2009), also underlined that, values for Tolerance below 0.1 indicate serious problems, although several statisticians suggested that values for it is below 0.2 are worthy of concern.

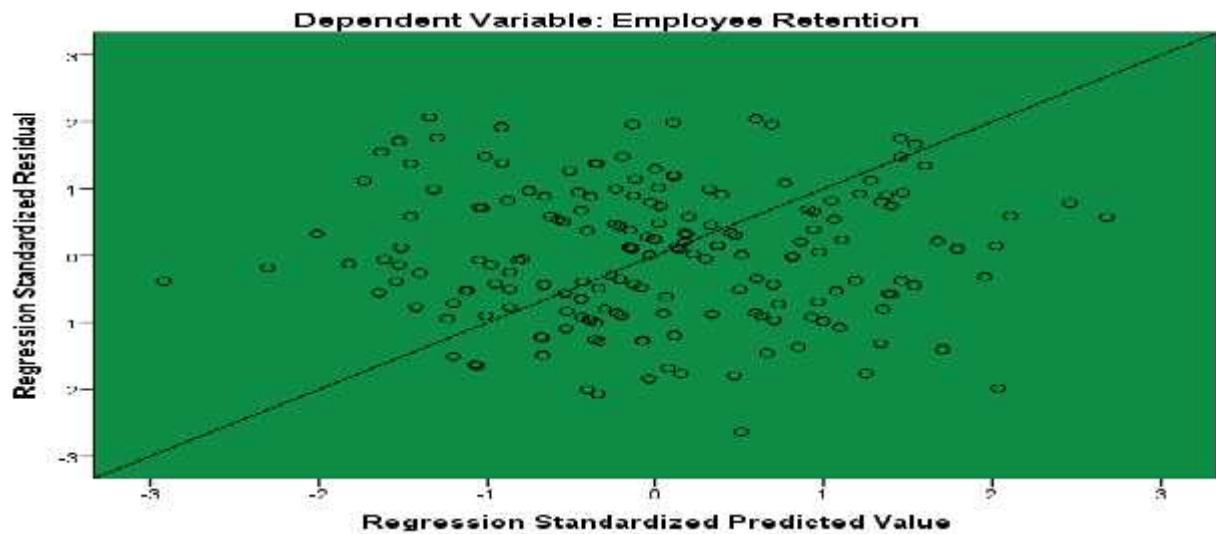
Accordingly, as it can be seen in the above multicollinearity test table (table 4.18), multicollinearity is not the problem of linear regressions model, because VIF (variance inflation factor) of the model is well less than 5.0 and the tolerance is not less than 0.10. The value of VIF ranges between 1.629 to 2.153 and the tolerance of the variables ranges between 0.465 and 0.614.

Therefore, the independent (predictors) variables are not overlapped or highly related and they are free from multicollinearity problems which possibly hinders the prediction ability of the linear regressions model.

### 4.8.2 Homoscedasticity

Homoscedasticity (constant variance for each value of IVs) is the extent to which the data values for the dependent and independent variables have equal variances, as Saunders, et al. (2009) noted. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residual terms should be constant. This just means that the residuals at each level of the predictors should have the same variance, therefore checking for this assumption is helpful for the goodness of the regression model. In this regard, to plot the homoscedasticity analysis, as suggests by Field (2009), the researcher plot the standardized residuals, or errors (ZRESID) on the Y axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the X axis and then look at the sketched graph whether it is homoscedasticity or hetrodasticity.

Figure 4.7: Scatter plot to test Homoscedasticity



Source: Survey Data Computed in SPSS, 2018

In this regard, as Field (2009) describes, the graph of \*ZRESID and \*ZPRED should look like a random array of dots evenly dispersed around zero, if the assumption of homoscedasticity has to be met. Likewise, as we shown in the above figure (figure 4.7), the points are randomly and evenly dispersed throughout the plot and there are no obvious outliers on this cloud of dots which are spaced around zero. Therefore, it is possible to conclude that the assumption of random errors and homoscedasticity has been met.

### 4.8.3 Normality

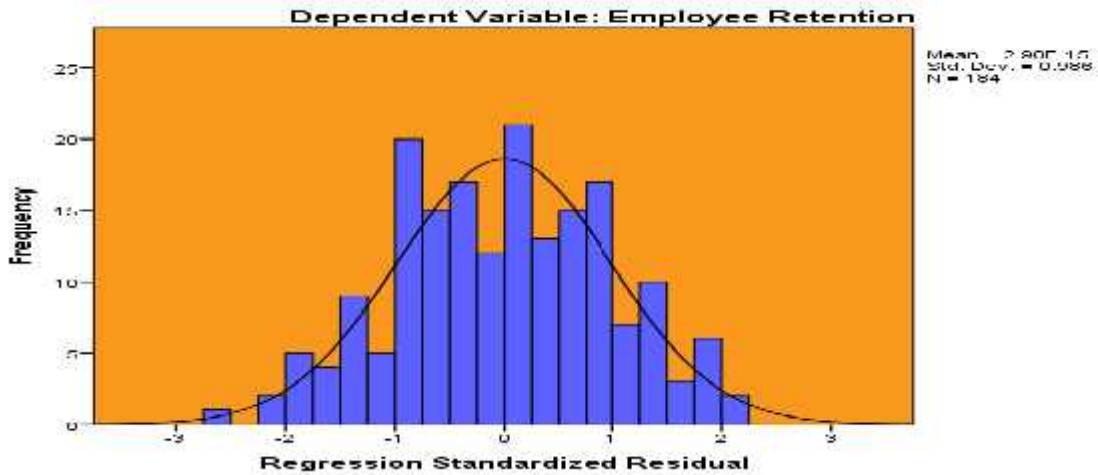
Many statistical procedures assumed that the sampling distribution is normally distributed and so, if the sample data are approximately normal then the sampling distribution will be also.

According to Field (2009), the assumption of normality is also important in research using regression (or general linear models). General linear models assume that errors in the model basically, the deviations are normally distributed. Normality looks at values that quantify aspects of a distribution (i.e. skew and kurtosis) and compare the distribution we have to a normal distribution to see if it is different. He noted as normal distribution take the form of a symmetric bell shaped curve.

Accordingly, as it is possible observed from the below figure (figure 4.8), the histogram look like a normal distribution (bell-shaped curve) and the distribution is roughly normal.

Moreover, the histogram (the curve) is perfectly skewed (symmetrical). Therefore, it is possible to conclude that indicates good model for the data and possibly it can be inferred to the entire the population.

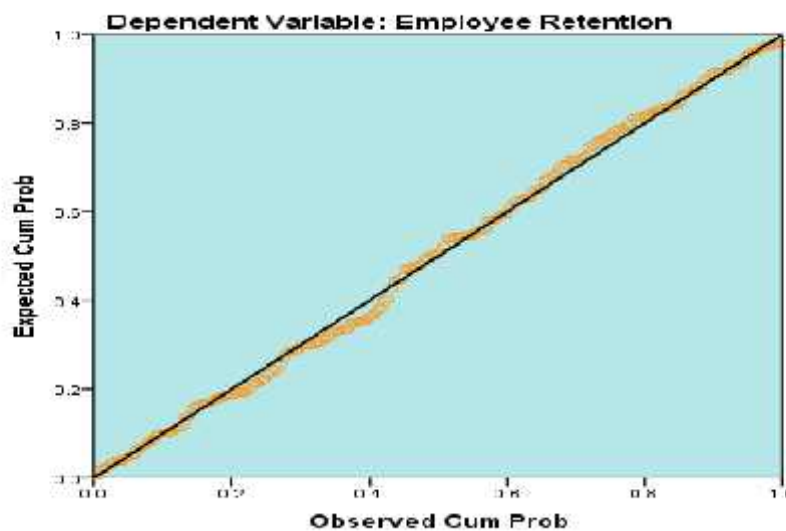
Figure 4.8: Histogram to show Normality Distribution



Source: Survey Data Computed in SPSS, 2018

It is possible to inspect to see if a distribution is normal using a graph called a **P-P plot** (probability–probability plot) graph plots the cumulative probability of a variable against the cumulative probability of a particular distribution.

Figure 4.9: Normal P-P Plot of Regression Standardized Residual



Source: Survey Data Computed in SPSS, 2018

Therefore, it was checked for the data to see if they are normally distributed through quantify aspects of a distribution (i.e. skew and kurtosis) and presented as follows.

**Table 4.19: Normality test of data**

Variables	N	Minimum	Maximum	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
<b>CD</b>	184	1.44	5.00	3.2702	.67149	.102	.179	-.193	.356
<b>C</b>	184	1.88	5.00	3.2656	.63223	.268	.179	-.168	.356
<b>ER</b>	184	1.57	5.00	3.2979	.74440	.142	.179	-.444	.356
<b>JR</b>	184	1.00	5.00	3.4351	.79848	-.146	.179	-.187	.356
<b>M</b>	184	1.00	5.00	3.1799	.78589	.085	.179	-.046	.356
<b>T</b>	184	1.60	5.00	3.2768	.62048	.134	.179	.198	.356

Source: Survey Data Computed in SPSS, 2018

SD=Standard Deviation

According to Garson (2012), as a rule of thumb, for normality both skew and kurtosis should be within the +2 to -2 range, when the data are normally distributed. Some statisticians also prescribe +1 to -1 as a more stringent criterion when normality is critical. In this regard, as shown in the above table (table 4.19), the skew value is perfectly fit within the limit and ranges between -0.146 and 0.268 and the kurtosis value is perfectly fit within the limit and ranges between -0.444 and 0.198; which is very close to zero.

In addition, Field (2009) stated, if a distribution has values of skew or kurtosis above or below 0 then this indicates a deviation from normal. He also indicated the further the value is from zero, the more likely it is that the data are not normally distributed and vice versa, the data is, therefore, in this research, is said to be normally distributed. Thus, abnormality of the data distribution cannot be a problem for this study.

#### **4.8.4 Linearity**

According to Field (2009), the assumption of linearity assumes the mean values of the outcome variable for each increment of the predictor lie along a straight line as indicated in figure 4.9 above. In other words, it is assumed that the relationship we are modeling is a linear one. In this regard, as we observed from the above figure (figure 4.7, scatter plot), the dots have a shape of straight line. It is also observable that the dots are scattered upward trend (positive slope) which means, there is a positive linear relationship exists between the two main variables (HRD programs and employee retention) which is evidenced in the correlation matrix. Therefore, through our linear model, it is possible generalize the finding towards the population.

## 4.9 Simple linear regression Analysis

To analyze the extent the HRD intervention affect employee retention in EIC because as it has been discussed in previous literatures, effective HRD programs implementation leads to employee retention (model specification), the Simple linear regression Analysis was used and simultaneously to test hypothesis 6 which stated as there is significant effect of overall HRD interventions on employee retention. The results for the simple regression analysis are discussed as follows.

In this research, the unstandardized beta coefficient and the Adjusted R square values given in the column of each tables are used to analyze the results of the both simple and multiple linear regressions. The unstandardized beta coefficients (B) represent the amount by which the dependent variable changes with a unit change in the independent variable(s), keeping others things constant, R shows the degree of associations between independent and dependent variables while R square which is very similar the Adjusted R Squared figure shows the extent to which the change in the independent variable explains the dependent variable. For this regression analysis mainly Adjusted R squares are used to know the variation or justification in dependent variables due to independent variables.

Table 4.20: Simple Linear Model Summary HRD programs as predictor to ER

Model	R	R Square	Adjusted R Square	Std. Error of the
1	.666 <sup>a</sup>	.444	.441	.55666
<b>a. Predictors: (Constant), HRD programs</b>				

Source: Survey Data Computed in SPSS, 2018

From the above model summary table (table 4.20), it can be seen that it provides the value of R, R<sup>2</sup> and adjusted R<sup>2</sup> for the model has been calculated. For this data R which shows the degree of associations between HRD programs and Employee Retention has a value of 0.666, the value of R<sup>2</sup> is 0.444 and Adjusted R Square has a value of 0.441.

Adjusted R<sup>2</sup> indicated that on average 44.1% of the variation in employee retention (dependent variable) can be explained by or justified because of HRD programs of the EIC (independent variable) or 44.1% of the variation in employee retention is because of the variation in HRD programs. The remaining 55.9 % of the variation in employee retention is explained by other variables that are not included in this study or left unexplained. The other variables could be benefit packages, working environments and fairness as response obtained

from interview participants. This finding is in line with Chen M. (2014) findings who reported employee development program has influence on employee retention.

Table 4.21: Simple Linear ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	45.010	1	45.010	145.258	.000 <sup>b</sup>
<b>Residual</b>	56.395	182	.310		
<b>Total</b>	101.406	183			

a. Dependent Variable: Employee Retention      b. Predictors: (Constant), HRD programs

Source: Survey Data Computed in SPSS, 2018

The F test result in the Analysis of anova (ANOVA) table (table 4.21) and the p value or sig value, tests whether the overall regression model is a good predictor (fit) or not and the probability of this result is occurred by chance or not. In this regard, the F test result is 145.26 with a significance of less than 0.01; this implies that, the probability of these results occurring by chance is less than 0.01. The HRD programs which included in the model are statistically significant in justifying the variation in employee retention.

Therefore, a significant amount of employee retention is influenced by the HRD programs, which means independent variables (HRD programs) statistically and significantly predict the dependent variable (Employee Retention), and it can be concluded as, the overall regression model is significant,  $F(1, 182) = 145.26$ , Sig value  $<0.01$ ,  $R^2=0.444$  (i.e., the regression model is a good fit or adequate of the data). Therefore, it can be concluded that the regression model is a good fit or adequate or overall predicts employee retention significantly well.

Furthermore, the lower value of the standard error of the estimate and the higher F value evidenced that, the interdependence of the two variables, i.e. HRD programs and employee retention is strong and significant. Therefore, it may be concluded as; the HRD programs influence over employee retention is significant, where,  $p<0.01$ .

Table 4.22: Simple linear Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		
<b>(Constant)</b>	.386	.245		1.577	.117
<b>HRD programs</b>	.884	.073	.666	12.052	.000

a. Dependent Variable: Employee Retention

Source: Survey Data Computed in SPSS, 2018

Table 4.22 provides details of the model parameters (the beta value and the significance of this value).  $\beta_0$  is the y intercept or constant and the value of  $\beta$  as if the predictor variable which describes when a unit change or increases in HRD, then the employee retention is changed by a coefficient of  $\beta$ .

Thus, according to the above table, the value of  $\beta_0$  for the constant in this model it is insignificant at 1% significant level. The coefficient of  $\beta$  is 0.884 which represents as HRD program is increased or changed by a unit, then on average the above regression model predicts employee retention increased or changed by 0.884 which is significant at 1% significant level because sig value is less than 0.01. i.e with 99% confidence level HRD programs can explain employee retention.

Thus, based on the above regression model the following linear regression equation can be derived:  $Y = \beta_0 + \beta X + \epsilon$ ; Where, Y=Employee Retention,  $\beta_0$ =Y-intercept or constant (in this model it is insignificant),  $\beta$ =the regression coefficient or slope or beta weight of HRD programs, X=All HRD programs and  $\epsilon$  is error term.

Therefore,  $Y = 0.884X +$

❖ H6: There is significant effect of overall HRD interventions on employee retention.

To verify this hypothesis, simple linear regression analysis was used and discussed the result in the above section. Consequently, based on the simple linear regression model summary, ANOVA and coefficients results (table 4.20 - 4.22) and justifications, overall HRD programs influences employees retention at 1% significant level, where HRD programs was found in predicting employee retention. It can influence with B value of 0.884 and p value of 0.000. Therefore, H6 is accepted.

The above regression equation and table 4.20 yields the value of Employee Retention (Y) from a given value of HRD programs (X) with a Standard error of estimate of 0.55666. The standard error of estimate is error in prediction. A standard error of estimate means the difference between the predicted value of Employee Retention and the actual value of Employee Retention is less than or equal to 0.55666.

Therefore, the simple linear regression result implies that, if effective HRD programs are implemented in EIC appropriately, then the retention of employees will be increased significantly by 0.884. This finding is in line with Ldama and Bazza (2015).

## 4.10 Multiple linear regression Analysis

To identify the major HRD interventions effects on output to retain experienced insurance professionals in the corporation the multiple linear regression analysis was used and simultaneously hypothesis 7 which stated as there is significant difference on influence of individual HRD intervention (practices of HRD) over Employee Retention (ER). The results for the multiple regression analysis are discussed as follows.

Table 4.23: Multiple Linear Model Summary<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the
1	.699 <sup>a</sup>	.488	.474	.53991

a. Predictors: (Constant), Coaching, Mentoring, Training, Job Rotation, Career

Development

Source: Survey Data Computed in SPSS, 2018

From the above model summary table (table 4.23), it can be seen that the table provides the value of R, R<sup>2</sup> and adjusted R<sup>2</sup> for the model has been calculated. For this data R is 0.699 (shows the degree of associations between Employee retention and Coaching, Mentoring, Training, Job Rotation, Career Development), R<sup>2</sup> is 0.488 and Adjusted R<sup>2</sup> is 0.474.

This indicates that on average about 47.4 % of the variation in employee retention can be explained or justified by the five HRD programs in the model. Five HRD programs included in the model are jointly significant to justify the variation in employee retention at 1% level of significance. The remaining 52.6% of the variation in employee retention is explained by other variables which are not included in this model. This finding is in line with Molla (2016) findings who reported Employee Development Programs have influence on job satisfaction and employee retention.

Table 4.24: Multiple Linear ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	49.519	5	9.904	33.975	.000 <sup>b</sup>
Residual	51.887	178	.292		
Total	101.406	183			

a. Dependent Variable: Employee Retention    b. Predictors: (Constant), Coaching, Mentoring, Training, Job Rotation, Career Development

Source: Own computation in SPSS, 2018

The above ANOVA table (table 4.24), help us to make sure the above model (multiple linear model summary table) statistically significant predictor of employee retention and it is evidenced that the model is statistically predictor of employee retention because the sig value

is less than 1%. Therefore, a significant amount of employee retention is influenced jointly by the corporation's HRD programs such as Mentoring, Job Rotation, Career Development, Training and Coaching.

Thus, components of HRD found statistically and significantly predict EIC's employee retention; and it can be concluded as, the overall regression model is significant,  $F(5,178)=33.98$ ,  $p<0.01$ , R square is 0.699, this result implied that the model significantly predicts employee retention. (i.e., the regression model is a good fit or adequate of the data). In another word, The HRD programs variables were included in the model are jointly or altogether statistically significant in justifying or explaining the variation in employee retention.

Table 4.25: Multiple Linear Coefficients<sup>a</sup>

Variables	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	.202	.248		.817	.415
Mentoring	.113	.065	.120	1.750	.082
Job Rotation	.021	.072	.022	.289	.773
Career	.405	.087	.365	4.646	<b>.000</b>
Training	.236	.086	.196	2.736	<b>.007</b>
Coaching	.173	.088	.147	1.976	<b>.050</b>

a. Dependent Variable: Employee Retention

Source: Survey Data Computed in SPSS, 2018

Based on the above coefficient table (table 4.25), all beta-values are positive which indicated that there is a positive relationship exists between all each individual HRD programs and employee retention.

Jointly the five HRD programs explained the variation in employee retention do not necessarily mean individually all the HRD programs can explain the variation in employee retention. Therefore, independently each HRD programs could not explain the variation in employee retention as it can be seen in the above table 4.25. Among the five independent variables included in the model, the three independent variables are jointly significant to justify the variation in dependent variables at 1% and 5% level of significance.

Career development and Training are statistically significant at 1% and Coaching 5% significant levels to explain the variation in employee retention respectively where as Constant, Mentoring and Job rotation are statistically insignificant at 5% significant level to explain the variation employee retention. Even though Mentoring is statistically significant at

10% which simply mean with 90% confidence level mentoring explains employee retention, it is the worst scenario and could not be considered in the model. This result in line with Molla (2016) findings who reported Employee Development Programs have influence on job satisfaction and employee retention.

Career development and Training are statistically significant in explaining the variation in employee retention at 1% level of significance which simply means with 99% confidence level Career development and Training explain employee retention.

Coaching are statistically significant in explaining the variation in employee retention at 5% level of significance which simply means with 95% confidence level coaching explains employee retention.

Moreover, by considering the beta values in the unstandardized coefficient column, it is possible to understand from the above multiple linear regression; Keeping other factors remaining constant, If Career development (CD) increases or changes by a unit, then on average the employee retention increases or changes by 0.405 in EIC. Keeping other factors remaining constant, when Training (T) increases or changes by a unit, then on average the employee retention increases or changes by 0.236. Keeping other factors remaining constant, when Coaching (C) increases or changes by a unit, then on average the employee retention increases or changes by 0.0.173 and is error term.

Therefore, the regression equation, in this condition, will be:-

$$ER = 0.41CD + 0.24T + 0.17C +$$

With this statistical data analysis, and the unstandardized beta value, it is possible to conclude that career development is the strongest influencer than Training and Coaching to explain the variation in employee retention, because 0.405 is greater than both 0.236 and 0.173 respectively.

Coaching is the least effect on change in employee retention, because its beta coefficient i.e 0.17 is the least than all the three significant independent variables in the model. Mentoring and Job rotation are statistically insignificant at 5 significant levels to explain the variation in employee retention as they are indicated in table 4.25.

- ❖ H7: There is significant difference on influence of individual HRD intervention (practices of HRD) over Employee Retention (ER).

To confirm this hypothesis, multiple linear regression analysis was used and discussed the result in the above section 4.9. Consequently, based on the multiple linear regression model summary, ANOVA and coefficients results (table 4.23 - 4.25) and justifications, individual HRD programs influences employees retention at different level, where CD, T and C are found unique contributors in predicting employee retention.

In this regard, CD has greater influence with B value of 0.405 and p value of 0.000, T has the second unique contributor with B value of 0.236 and p value of 0.007 and C has the third unique contributor with B value of 0.173 and p value of 0.050. These can be interpreted as CD, T and C have unique significant contribution in predicting employee retention from the remaining HRD programs. Thus, there is significant difference on influence of individual HRD intervention (practices of HRD) over employee retention Therefore, H7 is accepted.

This implies that, if effective career development, training and coaching are implemented in EIC, then the retention of employees will be increased significantly.

Based on the statistical data obtained from the above model summary table (model summary) and the above discussions in describing the influence of HRD programs over retention of employees in EIC, the employee retention is majorly affected by several factors (unexplained variables which is 52.6%) other than HRD programs in EIC and it is confirmed in the regression result as 52.6% of the variation in employee retention is explained by other factors, may constitutes, such as, study conducted by Nyanjom (2013) and as responses obtained in interview session, working environment, performance management system, employee's compensation and promotion opportunity, employees' empowerment, employees' commitment, equal treatment of employees and absence of succession planning and retention strategies.

Therefore, it is possible to induce from the above results that implementing career development, training and coaching effectively in EIC could support highly influence on employee retention significantly rather than mentoring and job rotation practices.

#### **4.11 Summary of Hypothesis Test Results**

To sum up, all seven hypothesis developed based on the research questions, objectives and the conceptual framework, were tested in statistical inferential analysis in chapter four. Consequently, all hypotheses were confirmed through appropriate statistical procedures.

Therefore, the result obtained from the inferential statistical analysis are said to be successful in answering basic research questions, in achieving the desired objective and in supporting conceptual frameworks

Table 4.26: Summary of overall Hypothesis Result

S.N	Tested Hypotheses	Results	The Effect of Test
1.	H1: There is significant relationship between Training and Employee Retention.	( $r=0.552$ , $p<0.01$ , $p=0.000$ )	The H1(alternate) is accepted and HO1 (null) is rejected.
2.	H2: There is significant relationship between Mentoring and Employee Retention.	( $r=0.484$ , $p<0.01$ , $p=0.000$ )	The H2(alternate) is accepted and HO2(null) is rejected
3.	H3: There is significant relationship between Job Rotation and Employee Retention.	( $r=0.494$ , $p<0.01$ , $p=0.000$ )	The H3(alternate) is accepted and HO3(null) is rejected
4.	H4: There is significant relationship between Coaching and Employee Retention.	( $r=0.535$ , $p<0.01$ , $p=0.000$ )	The H4(alternate) is accepted and HO4(null) is rejected
5.	H5: There is significant relationship between Career Development and Employee Retention.	( $r=0.635$ , $p<0.01$ , $p=0.000$ )	The H5(alternate) is accepted and HO5(null) is rejected
6.	H6: There is significant effect of overall HRD interventions on employee retention.	(Unstand. $\beta=0.884$ , $p<0.01$ , $p=0.000$ )	The H6(alternate) is accepted and HO6(null) is rejected
7.	H7: There is significant difference on influence of individual HRD intervention over Employee Retention (ER).	(Unstand. $\beta=0.405$ , $\beta=0.236$ , $\beta=0.173$ for CD, C, T respectively, $p<0.01$ , $p=0.000$ , $p=0.007$ , $p=0.050$ )	The H7(alternate) is accepted and HO7(null) is rejected

Source: Survey Data Computed in SPSS, 2018

#### 4.12 Interview Summary of results from Interview Guiding Questions

Using guiding ten interview questions and conducted series of in-depth oral interviews with each respondent, lasting 30 to 50 minutes to get more information with eight out of which 2 from non – management and 6 from management position working in HRM directorate, HRD team, Head Office, Life and Central Addis Districts to know deeply about HRD

programs and their influences on retention. The first four questions mainly addressed to management members and the last four questions mainly for non-management employees.

The whole contents, opinions of respondents of ten open ended questions were summarized based on the stated objectives of the research specifically to answer the research question number four.

### **1. Is there a separate working unit in EIC that is responsible for HRD?**

Except 3(37.5%) interviewees, all the remaining believed that HRD has separate working unit in EIC. However, as per detail interview made with most of the participants 5(62.5%) agreed that EIC has training team which works only on training and education. Under HRM directorate, there are two teams called employee's benefit and placement team and Training Team. Training team and hence HRD program emphasis only on limited activities and under the supervision of HRM directorate.

Therefore, it is possible to understand that EIC has training unit but not organized independent HRD department. This has lead to poor HRD program implementation in EIC.

### **2. Does EIC have a HRD policy & procedure?**

Majority of the interviewees 5(62.5%) believed that EIC didn't have HRD policy & procedure and only 3(37.5%) accepted its existence. HRD policy and procedure was included in HRM policy and procedure. Thus, this indicate, therefore, there is no separate HRD policy and procedure but in HRM policies and procedures.

As per the opinions of interviewees, some components explained like Job rotation, succession plan were included in this HRD policy and procedure. It is applied specifically for foreign trainings only not for other HRD programs.

### **3. What are the major purposes of HRD that the corporation need to achieve?**

The main purpose of HRD program such as training in EIC is to improve performance, to improve knowledge sharing, to create a capable human resource, to build competencies of employees, to enhance efficiency and effectiveness and also to equip employees with different skills, knowledge and abilities through pre and post service training and other development practices to achieve ultimate goal of the corporation as per the responses of interviewees. They believed mainly training unit of EIC has two main duties. These are

training and education activities. It provides national and overseas training for permanent employees.

Based on service year employees are provided with different trainings and education opportunities. LOMA, CII, ACCA and ACIA are provided for employees who are working in long term, general insurance services, finance and audit process respectively. It also provides education opportunities in extension, distance and correspondence programs to improve their work efficiency, by paying their education fee for non-managerial up to first degree starting from a certificate level and up to master's degree which was recently (May 12, 2018) approved by board of directors and announced by Chief Executive Officer of EIC Ato Netsanet Lamessa after the gathering and analysis of this data. The corporation also provides specific training as the work environment needs like on international training, on fundamental insurance policies training.

Some employees are not aware of the existence of training unit in EIC. Training is not scientific. It is routine and primeval not attached with the training need assessments. The corporation has only the HRD objectives but the objectives were not properly implemented. Most of work knowledge is acquired through self initiation not by the corporation. EIC has proposed mentoring, job rotation, coaching in work place but not implemented.

The corporation didn't consider coaching, the knowledge and experience sharing by placing newly recruited employees with senior employees. There are no mechanisms of newly recruited employees learning from their senior employees. Thus, there was no proper knowledge and experience transfer from the senior to new employees. However, new or senior employees are working together by chance not by the corporation predesigned policy and procedures.

#### **4. How long has been EIC involved in HRD programs?**

All of them were not sure when the corporation has started different HRD programs but most of them believed that HRD programs have been established before about 20 years. However, some of them (25%) agreed that HRD programs have started with the establishment of the corporation. This indicated that even though EIC is established 42 years ago with HRD long time evolvement still the programs are at infancy stage. That's why it incapable to implement various types of programs.

## **5. What are the opportunities employees getting in EIC to develop their abilities, knowledge and skills?**

Ethiopian Institutes of Financial Studies (EIFS) is a bank and insurance institution. Experience and knowledge sharing trainings were available. Currently, mainly the institution is focused on short term training coordinated by National Bank of Ethiopian (NBE). There are also limited workshops provided in and outside the country for top managements to develop employees' skills and knowledge by considering position and working units to participate.

Beside all these EIC prepares budgets annually for training team. Currently, NBE has declared 2% of recurrent budget for training. EIC is providing 5 overseas training such as Chartered Insurance Institute (CII) in UK, Life Office Management Association (LOMA) in USA, Association of Chartered Certified Accountant (ACCA), Certified Internal Auditors (CIA) and Actuarial science in UK as correspondent training paid in terms of hard currencies. Some believed as they have gotten different knowledge and skills from abroad correspondence training and serve EIC for a long time.

However, others replied that employee most development practices are acquired only by individual efforts. Knowledge sharing is very low. Employees learn by themselves like EIC working manual and learn from each other in on job. EIC provides limited development opportunities that help employees to improve their abilities, knowledge and skills. There is no center of excellence in the corporation. The corporation should have knowledge acquiring centers. Insurance materials like corporation's working manual and others like directives, proclamations and principles about insurance should be accessible at EIC's library including the relevant.

EIC working policies, standardized rate chart are not easily available to employees. Thus, the corporation was not providing development opportunities as expected. Development and training programs are provided only for the report purposes. Senior employees didn't mentor their respective lower level employees. Foreign training is also the same, not for the benefit of EIC because no proper HRD evaluation.

There are no special training opportunities specific to employee needs. Most of works are routine and there are also routine and similar trainings. Thus, EIC needs to implement employee development as well as retention strategies and policies.

**6. Do you think that EIC's employees are motivated and retained experienced insurance professionals by the HRD programs of the corporation?**

EIC was not committed to motivate employees through effective HRD programs because majority of interviewees replied that they thought most of employees were not motivated by HRD programs available in the corporation so that the HRD programs didn't effectively help employees to serve more time in EIC in previous time because training and other development means were no training needs were identified, routine and short training, unplanned. There is no pre training needs assessment and post training evaluation system in EIC. It didn't allow participating the right employees and for the right training. The corporation is incurring cost without benefit from HRD program because of absence of proper monitoring and evaluation of it. The value attached to HRD program both by employer and employees are very slow.

Employees are serving EIC only due to the salary and benefits are relatively better than some government employees. They thought that if they left EIC they would not get better employer and they are satisfied with existing unfavorable conditions. If employees get better things, definitely, they will leave EIC soon.

There are other factors other than HRD which leads to motivation. Since there is no recognition, no satisfactory benefit packages when compared to similar companies, a lot of HR complaints in relation to placement, promotion exam, no reward for employees who perform better or accomplish special work, immediate response for employees requirement, appreciation, making the working environment better, availing compatible work tool, continuous team level meeting to share ideas among staffs or peer teachings, promotions and others HRD activities attached with corruption. Employees are not getting what they want. They are not provided with the skills they seek to develop themselves. There is no succession plan and this made employees dissatisfied. Thus, EIC should have succession plan. There must be better employee development strategy. These all affect employee work motivation but there are positive relationships between employees. Thus, it is possible to judge non – HRD programs have higher influence in employee retention than HRD programs.

The corporation should bench mark similar institution to improve its performance by satisfying employees and it should use all HRD and non HRD motivation factors to retain its experienced insurance professionals.

Some are serving EIC longer time due to the education and correspondence training they got because of the commitment they made with the corporation. However, pre-service training is considered as the best. New as well as existing employees like the pre-service training than others. Second degree opportunities which permitted in recent time might be lead to employee to retain as some others believe.

## **7. What EIC should be done to retain experienced professionals in relation with HRD programs?**

First of all EIC should identify employees feeling, the reasons why experienced employees were leaving. After identifying the basic reasons, then needs to establish retention strategy. In addition to incentive, creating conducive work environment, providing exit interviews which can help to identify the basic reasons why employees are leaving are very necessary in the corporation because experienced insurance professional are depleting from time to time.

Every HR activities in EIC should be transparent and accountable to everybody within the corporation. There should be also clear division of labor, smooth and well organized working environment, good relationship among staffs, tight team work, flexible management style, immediate management decision making and hierarchy of power and more clearly job description to retain experienced professionals.

Since the human behavior and needs are so dynamic, the corporation should proactively benchmark on HRD in how to retain employees and allow for employees to develop themselves based on their interests. It should provide on job training. The corporation should have clear HRD policy and procedure and provide it for all employees.

HRD must be entertained separately not under single units. It should establish as one independent department to assume more HRD responsibilities such as HRD, Succession Plan, Performance Management and Engagement and Retention strategy. Thus, if EIC focus on these practices and will be successful.

The corporation should improve human resource capacity because competition growing faster than anticipated. It will face difficult situation if foreign company enters into Ethiopian insurance market. Better academic achievements and international trainings completion should get reasonable values. EIC must pay reasonable market price to employees.

EIC following a commitment based retaining employees. If employee learns by the expense of EIC, then employees contract with employer. This may demotivate and negative effect on retention. EIC should compare itself with its competitor's in terms of HRD to retain its employees.

Treat all employees equally in training, promotion and education opportunities. Identify the training need gaps and give training to the right person for the right positions. Make equivalent benefit packages with the competitors company.

Professional employees are not well retained because of pull and push factors. Push factors are from inside the corporation like, lack of good administration, absence of fairness in promotion, transfer leads to discouraged and external pull factors like as talent and competency of employees raise, attracted by competitor companies. EIC is serving as sole training institutions of insurance professionals in CII, LOMA and the others insurance knowledge while privates are recruiting them.

Employees should have better future prospects to be loyal and then retained. Education may take longer time than training. EIC should improve and attach the benefit packages with HRD programs.

Experienced insurance professionals are an asset for the corporation. Their knowledge is not comparable to anything because improved through practical skills. They are not permanent, thus, the corporation should also provide some mechanisms to transfer this knowledge to newly recruited employees and retain them.

**8. What are your views with regard to the direct and indirect effects of HRD programs on employee retention of the EIC? How do you measure the successes of HRD effects on employee retention?**

Generally, all participants of interviews as HRD programs like training and education which are mainly practiced in the corporation have positive effects on retention. If an employee is well trained and educated, then he or she can be retained. If employees are trained, gives value to his/her self. Attachment with companies will be improved. There is commitment when EIC pays for development to retain employees. If employee thinks as he/she may get education chances in the future, according to the interest of employees, then employee will wait for that until they get. After getting the chance may be enter into commitment. It retains employees because of the chance wishes to get.

Sometimes if an employee is learnt and acquired knowledge the external labour market attracts them. Thus, training and education directly affect the employee motivation. If employees are motivated due to HRD programs then their belongingness will be increased. When belongingness increased, the intention to leave the company will be diminished. If we couldn't develop employee career, improve skills, in the long run indirectly affects the corporation profitability and then retention.

Out of all participants 5(62.5%) interviewees replied that except collecting the feedbacks and training report after training session, the training units or the corporation didn't measure the success of HRD programs in general and training in particular because the absence of appropriate and clear measurement mechanisms. But few believed as it is possible to measure the successes of HRD effects but independently it might have insignificant effect.

If HRD program is effectively implemented, it is possible to retain. Above all attitudinal change must to EIC, then it is possible to retain. There must be system to monitor and evaluate the training and education activities. Many things has to change in relation to HRD programs including management – employee relationship.

### **9. Which positions are better retaining experienced employees in EIC? Why?**

Most interviewees believed that employees below senior position, specially the new entrant left the corporation rather than higher position employees working in support process. In alarming rate, first degree, newly recruited employees are resigning because of the base salary and benefits. Moreover, employees are pushed to resign rather than trying to know their reason of resignation. Others believed that most of employees above senior (grade nine) positions relatively stay more years than the others because of better working conditions, better payments and fringe benefits.

The experienced, middle and top level managements are relatively stay more in EIC because the respondents believe that as the position level increases, employees are become loyal to employer. The work load also reduced while benefits and payment rises. In addition to this, when comparing employees working in core processes and support processes, many employees who are serving in core processes or operations are stay longer time. Mostly top managements above director level don't resign. They are more loyal to EIC because of the payment and develop their career. The longer they stay, belongingness will be improved and

then the tendency of retention increased. Therefore, employees who were working for a longer period may stay more.

When the specific position is considered, employees serving as surveyor position stay more in their position more time than others. Therefore, higher positions in the corporation relatively retain higher than the employees who are below senior positions.

However, in recent time, these facts are changing due to internal and external factors. EIC mainly focus on commitment based retaining. Before employees were developed through different HRD programs like education and trainings, they are obliged to enter into agreement to serve EIC for some years after the development.

**10. What mechanisms do you suggest to maintain experienced employees and anything need to be changed with regard to the current HRD programs of EIC?**

Most of the respondents believed that EIC is supplying experienced insurance professionals for the private insurance companies (its competitors) in current time. Most of their former EIC employees are working in private insurance companies since their establishment.

HRD didn't get appropriate attention in EIC to develop employees' skills, abilities and knowledge and then developing the corporation. Existing HRD must be revised. Thus, EIC must implement well integrated HRD department at directorate level and by hiring qualified HRD professionals.

Training must be result oriented modernized. Short term and long term trainings must be fair and transparent for every employee. The effect of training must be evaluated. The cost and benefits from the training should be well known. Generally, training must follow gap or need analysis, design, evaluate. This notion is similar with notion stated in the literature part of this study.

They suggested that EIC should pay equivalent benefits to its employees. Succession plan, engagement and retention strategy must be developed and included in HRD program. Employees are loyal to the corporation when their needs are fulfilled properly, suitable work environment, enhance employee relationship and communication, fairness and equal treatment of employees. Performance management system must be implemented and use the result of it as an input for HRD process The employee HRD skill gap analysis needs to clearly identified and then sound result identified for training and HRD program can be

employed. In relation with this, the corporation must recruit capable, experienced, qualified, decision maker and place the right person at the right time.

EIC have diversified employees in culture, sex, ethnicity and religions. Thus, any HRD programs should be based on policy and procedures to promote these diversities and serve them indiscriminately.

Most of trainings provided are routine. They must be unique and attractive to achieve the corporate goal. The participant should also willing and happy with them. Employees need foreign training opportunities to gain new foreign experiences and exposures. Thus, EIC should consider HRD program promptly outside the country for specific key proficiency areas before training deadlines expires.

EIC should have independent HR policy and procedures. Every promotion must be based on competency, knowledge and merit. EIC should revise its benefit packages, make employees motivated.

It is possible to understand from the response of interview participants that experienced employees are loyal to the corporation when HRD programs are effectively and appropriately implemented by reviewing and up grading the unit to department level after bench marking local and international similar institutions, clearly identifying HRD gap analysis, designing, evaluating and monitoring, the process of HRD programs should be transparent and based on merits and qualifications, responding timely to employee complaints regarding to educations, domestic and foreign training opportunities, develop independent and clear HRD policy and procedure, formulate succession plan, establish development and retention strategies and assigning HRD qualified professionals.

Beside HRD related issues, as per the interviewees' responses, the corporation needs to understand the needs and feelings of employees' pre and post resignation by making exit interviews, equitable and fair promotion, placement, benefits and payments should be provided for employees, establishing suitable working environments and all inclusive corporate communication HR policies, strategies and practices,

## CHAPTER FIVE

### 5. Summary of Findings, Conclusions and Recommendations

#### 5.1 Introduction

This research study was conducted to analyze the effect of Human Resource Development on Employee Retention in Ethiopian Insurance Corporation to achieve all stated research objectives. This chapter aims to present a synthesis of results of this research major finding, conclusions, recommendations, research limitations, future research directions for future research and research contribution.

#### 5.2 Summary of Major Findings

This section included summary of main points and major findings which were obtained from data analysis of survey questionnaires and interviews. This research paper was conducted through questionnaires data collected from 184 and interview of 8 employees of the insurance. To collect a quantitative data from 190 employees was planned. However, the response rate of 96.8% was achieved. Therefore, 184 sampled respondents were considered for the data analysis.

- ❖ The demographic characteristics of the respondents indicate that out of 184 employees who were participated in this study, most of the respondents were 125(68%) males, 91(50%) in the age group of 26-35 years, 115(63%) married employees, 137(75%) first degree holders, 108(59%) working as non – managerial positions in 94(51%) districts as 98(53.3%) operation working units and have been served EIC between 65(35.3%) 6 to 10 years.
- ❖ From descriptive analysis result of each variable, It is possible to summarize the result of statistical analysis that totally there were negative responses (moderately disagree) than positive (moderately agree) responses for all of the HRD programs and employee retention in EIC. Thus, It is possible to understand that EIC is hardly implementing mentoring, job rotation, career development, coaching and training or they were not well practiced as well as there was no proper means of retaining employees in the corporation through effective HRD implementation. As per the interview result, the corporation didn't have employee retention strategy in its HRM policy and procedure as well as HRD programs implemented ineffectively. It has proposed mentoring, job rotation, coaching in

work place but not implemented. Therefore, these have lead employees to leave the corporation. Moreover, the results of the HRD variables such as Mentoring, Job rotation, Career Development, Training, Coaching and Employee retention show above average mean scores of all predictors and the outcome which ranges from 3.18 (SD=0.79) up to 3.44(SD=.80).

- ❖ Career development (mean=3.27, SD=0.67), relatively mentoring (mean=3.18, SD=0.79), coaching (mean=3.27, SD=0.63), training (mean=3.28, SD=0.62), Job rotation (mean = 3.44, SD = 0.80) and retention (mean=3.30, SD=0.74) were not moderately or partially implemented since all mean scores are above neutral level of agreement to maintain the experienced employees.
- ❖ Among all the HRD programs under study, relatively mentoring is practiced the highest than the rest because there is good employee work relationship as replied by some interview participants in the corporation whereas relatively Job rotation is the least practiced independent variable in the corporation and it implies respondents believe that the corporation is not properly implementing job rotation because the corporation didn't have independent and proper implementation of HRD policy and procedure as it was understood from interview participants.
- ❖ The pearson's correlation coefficient (r) indicated that there is statistically significant moderate positive relationship between the overall HRD programs and Employee Retention (r=0.666, p<0.01). This result, therefore, shows that EIC should align the effective implementation of all HRD programs with retention and include in the corporate strategy.
- ❖ All individual predictors of HRD programs have significant moderate positive relationships with employee retention in EIC. The pearson's correlation coefficient (r) indicated that there is statistically significant positive or direct moderate correlation or relationship between the Mentoring (r=0.484, p<0.01), Job Rotation (r=0.494, p<0.01), Career Development (r=0.635, p<0.01), Coaching (r=0.535, p<0.01), Training(r=0.552, p<0.01) and Employee Retention.
- ❖ Relatively, among the HRD programs, Career development has the strongest relationship with the employee retention (r=0.635, p<0.01) where as Mentoring has the weakest relationship with employee retention (r=484, p<0.01) in EIC. Relatively, among HRD programs Career development has the strongest positive relationships with employee

retention ( $r=0.635$ ,  $p<0.01$ ) whereas mentoring has the weakest positive relationships with employee retention ( $r=0.484$ ,  $p<0.01$ ) in EIC.

- ❖ The basic assumptions have tested before analyzing the simple and multiple regression output. As a result, the regression model didn't have multicollinearity problems since all the tolerance values were above 0.2 and Variance Inflation Factors (VIF) values were less than 5 similarly the assumption homoscedasticity, normal distribution of data and linearity have been met.
- ❖ The simple regression result indicated that on average 44.1% of the variation in employee retention is explained or justified because of the variation in HRD programs. HRD programs included in the model are significant in justifying the variation in employee retention at 1% level of significance. The remaining 55.9% of the variation in employee retention is explained by other variables that are not included in this study or left unexplained. The other variables could be benefit packages, working environments and fairness as response obtained from interview participants.
- ❖ The overall HRD programs statistically significantly can predict the employee retention. As a unit increases in HRD program is increased on, then simple linear model predicts employee retention will be increased by 0.884. As a result the simple regression could be  $ER = 0.884 \text{ HRD program} + \dots$ . Therefore, the simple linear regression result implies that, if effective HRD programs are implemented in EIC, then the retention of employees will be increased significantly.
- ❖ The multiple linear regressions result indicated that on average about 47.4 % of the variation in employee retention can be explained or justified by the five HRD programs in the model. Five HRD programs included in the model are jointly significant to justify the variation in employee retention at 1% level of significance. The remaining 52.6% of the variation in employee retention is explained by other variables which are not included in this model.
- ❖ The regression model statistically significant predictor of employee retention because the sig value is less than 1%. Therefore, a significant amount of employee retention is influenced jointly by the corporation's HRD programs which comprise Mentoring, Job Rotation, Career Development, Training and Coaching. The HRD programs variables which were included in the model are jointly or altogether statistically significant in justifying or explaining the variation in employee retention. The Beta values of Career

development (CD), Training (T) and Coaching (C) in the unstandardized coefficient column, are possible to understand that considering keeping other factors remaining constant, as one unit increases or changes in T, CD and C, on average the employee retention increases or changes at 0.405, 0.236 and 0.173 respectively. As a result the regression equation could be  $ER=0.41CD+0.24T+0.17C +$  . In this regard, CD has greater influence with B value of 0.41 and p value of 0.00, T has the second unique contributor with B value of 0.24 and p value of 0.007 and C has the third unique contributor with B value of 0.17 and p value of 0.050. Mentoring and Job rotation are statistically insignificant at 5% significant levels to explain the variation employee retention.

- ❖ To sum up the inferential analysis, both Job rotation and mentoring have statistically significant moderate positive relationship with retention but they are insignificant in explaining the retention. Unlike Job rotation and mentoring, Career Development, Training and Coaching have moderate positive relationships with retention in the corporation and also they significantly influence the retention.
- ❖ It is possible to understand from the response of interview participants that experienced employees are loyal to the corporation when HRD programs are effectively and appropriately implemented by reviewing and up grading the unit to department level after bench marking local and international similar institutions, clearly identifying HRD gap analysis, designing, evaluating and monitoring, the process of HRD programs should be transparent and based on merits and qualifications, responding timely to employee complaints regarding to education domestic and foreign training opportunities, develop independent and clear HRD policy and procedure, formulate succession plan, retention strategy and assigning HRD professionals.
- ❖ Beside HRD related issues, as per the interviewees' response, the corporation should understand the needs and feelings of employees' pre and post resignation by making exit interview, equitable and fair promotion, placement, benefits and payments should be provided for employees, establishing suitable working environments and all inclusive corporate communication HR policies, strategies and practices to enhance the loyalty of employees.

### 5.3 Conclusion

This study was conducted to examine the effect of Human Resource Development Practice on Employee Retention. This study focuses on some HRD programs that can influence employee retention in EIC. In doing this, descriptive data analysis was conducted to see the effective implementation of these practices and retention in EIC. However, these practices were hardly implemented so that they didn't help the retention of employees in previous time.

From all the five HRD programs such as coaching, job rotation, career development, mentoring and training were included in this study, as descriptive analysis result proved that relatively, retention, training, career development and coaching have the second to fourth highest mean in independent and dependent variables because career development and coaching equal mean scores. However, in general, the descriptive statistical analysis showed that coaching, job rotation, career development, mentoring, training and retention were not fully practiced since they are above neutral point. These were because of the absence of clear independent and effective HRD policy and procedure in the corporation as mentioned by interview participants. Therefore, all HRD programs were not fully implemented and practiced in EIC with the aim of retaining experienced insurance professionals employees which either mean majority of employees replied moderately disagree to the given items of each dimension.

After, doing these analyses, the correlation and regression between the five HRD programs and retention were also analyzed. Not only this, the relationship within the HRD programs were undertaken to test the multicollinearity problems of the independent variables and similarly other regression assumptions were tested and found that the regression assumptions were met the basic assumptions.

To see the association between variables, a bivariate analysis used and the pearson's correlation coefficient ( $r$ ) indicated that there is statistically significant moderate positive relationship between overall HRD programs and Employee Retention ( $r=0.666$ ,  $p<0.01$ ). Similarly, the association between each individual HRD programs and retention result depicted that there is moderate positive relationships between all predictor variables and the outcome variable.

The simple regression analysis by regressing independent variables overall HRD programs against independent variable employee retention significantly explain the variance in

employee retention. The result indicated a relative moderate percentage (44.1%) of the variation in employee retention is as a result of overall HRD program.

Similarly, among all the five HRD programs included in this study career development, training and coaching have significant effect on employee retention in the model. The multiple regression analysis was conducted by regressing coaching, job rotation, career development, mentoring and training against employee retention. Only three of them were significantly explain the variance in employee retention. The result indicated a relative moderate percentage (47.4%) of the variation in employee retention is as a result of coaching, career development and training. As indicated in multiple coefficient career development is the most influential variable of HRD programs followed by training and coaching respectively. Using five Pearson correlation coefficients ( $r$ ) and four unstandardized beta coefficients result for both linear regressions were conducted to test the hypotheses (H1 to H7).

Thus based on the results, it was established that career development, coaching and training of employees have significant effects on and moderate positive relationship employee retention in EIC.

Interviewees responded that experienced and professionals loyalty to be enhanced when the corporation's HRD and non – HRD related variables are fully and effectively implemented.

## **5.4 Recommendations**

- The demographic characteristics of the respondents indicated most of the respondents were the age group of 26 - 35 years which shows the corporation is dominated by young population and employees who were serving the corporation for more than 6 years. These also represent the total population and corporation should retain employees who were serving between 6 to 10 years.
- As it can be understood from the EIC historical background, there were good positive employee relationships since its establishment that's why relatively mentoring was practiced. Thus, EIC should provide policy and procedure that helps to increase employee relationship between newly recruited employees with senior and top level managements. HRM practices like induction should be practiced widely to socialize new employees with the senior and existing contemporary employees.

- In other words, the corporation has enormous core and support working units. Thus, each permanent employee should work in different working units (departments) after serving certain years in specific work units because Job rotation relatively not practiced in every departments of the corporation and it also helps employees to learn different skills and knowledge from various departments within the corporation.
- Therefore, the remaining practices such career development, coaching, training and retention must effectively implemented since all mean scores are above neutral (moderately disagree) which mean they were not fully and effectively practiced which helps to maintain the experienced employees.
- Career development, training and coaching were not effectively implemented and hence could not help to retain employees. Thus, the corporation should separately develop HRD policies and procedures to maintain the out flowing of experienced insurance professionals to private insurance companies. The corporation should also prepare succession plan by bench marking similar institutions locally and globally to achieve vision of 2025 to be world class insurer.
- 2% of recurrent budget (as replied by interviewees) set for training unit must be properly utilized by considering result oriented, work specific, non routine, planned and long term trainings within the country and abroad based on the needs and gaps assessment of permanent employees of the corporation.
- Employee relationships at hierarchical levels must be improved through developing organizational cultures that advance work related relationships like employees sport competition trainings across head office, districts and branches.
- To augment the loyalty of experienced and professionals, EIC should fully and effectively implement independent and functional HRD units, establish development strategy and other non – HRD program related factors such as understanding employees needs or feelings, equitable and fair development opportunities, promotion, placement, benefits and payments should be provided for employees, establishing suitable working environments and clear communication of HR policies, strategies and practices.

## **5.5 Future Research Directions and Limitations**

In studying the effect of HRD on employee retention, the study addressed the stated objective by employing several statistical method analyses and trying strictly following the

research methodology. Hence, this study addressed the basic research problems, draws conclusion and forward actionable recommendations. Thus, the following points are taken as future research directions.

The study also limits itself on the HRD programs of Ethiopian Insurance Corporation and the conclusions and recommendations remains within this scope. In this regard, to make the conclusion and recommendation more wide and applicable for more companies, future researches may conduct the research in insurance industry or nationwide by increasing the population and consequently the sample size.

In this research mixed approach methods were used. It considers employee who are working in Addis Ababa outlets (excluding employees who are working in districts and branches outside and recently opened in Addis Ababa and employees). Therefore, the future researchers may include employees who are working outside Addis Ababa.

This research encompasses all employees who have two years experience within the corporation, since most of the HRD programs such as foreign and domestic training provided to employees who serve the corporation above one year.

As this study is undertaken by taking only one state owned corporation the result of the study is limited in its generalizability to other similar insurance companies in Ethiopia. Therefore, future research should be undertaken in order to generalize the result at industry level and to compare the result of the corporation with other similar companies.

This study only cover five HRD programs, which are widely discussed in the literatures and in actual practice, but to make full picture of HRD, future researchers may include additional HRD programs, such as succession planning, career planning, organizational development, performance management system in their researches which may influence and or have positive relationship with employee retention as indicated in interview session.

Finally, in this study the predictor variable i.e HRD programs accounted for less than 45% variation on employee retention. Thus, in order to explain the more than 55% variation of employee retention that is not explained by HRD programs such as (payment and benefits, working environment, fairness and equal opportunity in promotion and placement, management commitments, corporation's culture and others) that are believed to have influence on employee retention should be studied because most of them mentioned by participants of interview.

In addition to these, the researcher believed that, there are issues remain uncovered in this study due to the scope limitations and needs to be addressed in future studies to add broad insight in to the study subject area. Thus, the following points are taken as limitations of this study.

To achieve the maximum the result out from the study, it would have been better if it had been studied in a comparison way between EIC and any of other 16 private insurance companies. But the time constraint brings a burden to limit this study just on a single company.

In addition to this, to have the fruitful study results and findings, it would have been preferable to take a sample from the total number of employees of EIC in and outside Addis Ababa. However, as the branches and districts are located in dispersed geographical locations, it would not be feasible to do so both in terms of time to get the responses from all at reasonable time and cost. Thus, due to these and other reasons, the sample was taken from those permanent employees who were found within the territory of Addis Ababa working at branches, districts and at head office level.

Finally, apart from the above facts, due to the absence of relevant and up to date related literature on the topic in the EIC library, a preliminary survey has been conducted as a base on some individuals who were considered have better knowledge and skills about the subject matter to identify the effect of HRD on employee retention, and this may lack completeness as the survey not includes the feelings of all employees who were working in EIC.

## **5.6 Contribution to body of Knowledge**

This study contributes a lot to the body of knowledge. The main contribution is that among the selected five HRD programs such as coaching, career development and training resulted in predicting retention in EIC.

Previously, Molla (2016) and Shelton (2001), have conducted a research on the effect of Employee Development Program (EDP) on job satisfaction leads to employee retention and effect on both variables respectively. But this study added one new predictor variable (coaching) and considering the above mentioned for predictors to see the effects of HRD on retention in EIC.

The other crucial contribution of this study is that regulatory body (NBE) can use coaching, career development and training programs as a means in its HRD strategy and policy to retain

experienced insurance professionals in EIC in order to be competitive in insurance industry even when foreign insurance company enters in Ethiopian insurance market.

Moreover, this study can be serve as initial or starting point for prospect researcher who have an interest to conduct on areas of HRD in EIC's employees working in and outside the capital.

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# Appendixes

## Appendix 1: Questionnaire

**Addis Ababa University**

**College of Business and Economics School of Commerce**

**This is a Survey Questionnaire for a MA Program in Human Resource Management**

**Survey Questionnaire designed for EIC Employees**

**Dear respondents,**

I am Kemal Gobie and one of the students Master of HRM in Addis Ababa University College of Business and Economics, School of Commerce. As part of the requirements in completion of the MAHRM program, I am undertaking a research on **‘The Effects of Human Resource Development (HRD) on Employee Retention of Ethiopian Insurance Corporation’**.

This questionnaire is designed to seek information only for academic purpose. You are not required to write your name. The information you provide will be kept confidential & will not be transferred to a third person. The result of the study could be used as an input for management to amend the existing EIC’s HRD policies and practices.

This questionnaire has five pages. It is categorized in to three parts which includes general demographic information, dimensions to measure the HRD programs and employee retention depending on the area of the research objectives stipulated in the main body of the research. Please respond to all the questions and put tick (☐) mark on the appropriate box that best suits your response.

Your great support in responding this questionnaire unquestionably is paramount to the success of this study. This questionnaire will take few minutes of your precious time. You can respond me through my **outlook address** username (Kemal Gobie).

If you have any further query about this questionnaire, please do not hesitate to contact the researcher.

E-mail: **kamaalgoobee2007@gmail.com**

Thank you so much for your precious time, cooperation, participation and prompt response!



**Part II.** This part deals with statement of agreement related to HRD Programs (Mentoring, Job rotation, Career development, training, and Coaching). **To what extent do you agree with the below statements** relating with their application in EIC? Please indicate your level of agreement with each statement given in the following table. Where,

**SA= Strongly Agree, A=Agree, N= Neutral, D= Disagree and SD= Strongly Disagree**

S.N.	1. Mentoring (Getting work related support from top Mgmts)	SA	A	N	D	SDA
MQ1.	I am given a feedback about my talent review in EIC.					
MQ2.	Top managements have effective management and leadership skills.					
MQ3.	A top management member gives me a chance to express my views and attitudes about the objectives and work standard.					
MQ4.	Senior managers always willing to assist employees anytime they seek guidance and support.					
MQ5.	I have direct contact with senior management in case I need support and help from them at work.					
2. Job Rotation		SA	A	N	D	SDA
JRQ1.	I have acquired multiplicity of knowledge by working plenty of tasks.					
JRQ2.	There is a job rotation policy which helps to work on different working units or positions.					
JRQ3.	An immediate boss assesses the skill gap to assign for job in different positions or working units for specified period.					
JRQ4.	Immediate boss sets objective to provide an assignments for subordinates under him or her.					
JRQ5.	Job rotation is implemented based on the consent of each employee in every working team in EIC.					
JRQ6.	A manager evaluates job rotation contribution of employees to EIC after the task assignment ended in different positions or working units.					
3. Career Development		SA	A	N	D	SDA
CDQ1.	Employee career paths are clearly defined and are available from the HRM directorate.					
CDQ2.	My knowledge is persistent, and helps me to get job done on time.					
CDQ3.	In EIC, employees are internally offered internship opportunities so as to assist them advance their careers.					
CDQ4.	All employees are enjoying career development programs in EIC.					
CDQ5.	Career gaps are continuously identified both by employee and employer.					
CDQ6.	Employee promotion is implemented fairly and transparently in EIC.					
CDQ7.	Developments of employees are prior issues in EIC.					
CDQ8.	I evaluate myself carefully and regularly regarding my career.					
CDQ9.	Employee career development programs offered are linked to each employee's career needs.					
4. Training		SA	A	N	D	SDA
TQ1.	Employees are satisfied with the training program of EIC.					
TQ2.	Training team requests feedback from trainees before and after					

TQ3.	Training opportunities are available to all employees continuously to improve their abilities, skills and knowledge.					
TQ4.	On job training programs always bond employees and have contributed to retaining key talented and experienced employees in EIC.					
TQ5.	Employees offered overseas trainings are usually bonded and these assisted in retaining them.					
TQ6.	EIC has full resources like hall, facilities and trainers to undertake training.					
TQ7.	Participants of training are selected fairly and reasonably.					
TQ8.	EIC contracts with external trainer to undertake any training.					
TQ9.	Most of the time the training content provided to employees are relevant to their office work.					
TQ10.	The costs and benefits obtained from the training are evaluated in EIC.					
<b>5. Coaching (Boss – employee work report relationships)</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SDA</b>
CQ1.	Coaching is well practiced by most immediate bosses in EIC.					
CQ2.	Most of the coaching techniques are designed in EIC.					
CQ3.	The specific objectives of the coaching are clearly set and known to employees.					
CQ4.	Coaching takes place both formally and informally in EIC.					
CQ5.	An immediate boss evaluates his or her employees at the end of assignments.					
CQ6.	An employee who needs coaching is identified by the corporation.					
CQ7.	After formal performance review, employee learning and development needs are identified.					
CQ8.	I have a good relationship and respect with my colleagues in EIC.					

**Part III:** This part deals with **employee retention (intention to stay)** related issues. **To what extent do you agree with the below statements?** Please indicate your level of agreement with each statement given in the following table. Where,

**SA= Strongly Agree, A=Agree, N= Neutral, D= Disagree and SDA= Strongly Disagree**

S.N	Employee Retention (Intention to stay)	SA	A	N	D	SDA
ERQ1.	Employees are satisfied with the working conditions in EIC.					
ERQ2.	I am proud to tell others as EIC is a great place to work.					
ERQ3.	I am happy to work for and stay in EIC for a longer period.					
ERQ4.	Every employee delivers expected performance and successfully performs all assigned jobs on time.					
ERQ5.	I identify myself with and involved fully in the corporation's work.					
ERQ6.	I have received the amount of pay, benefits, or equivalents distributed in return my service to the corporation.					
ERQ7.	Employees see EIC relatively as better work place.					

Thank you so much for your time and Have a nice day!

## Appendix 2: Interview Question

Addis Ababa University

College of Business and Economics School of Commerce

MA Program in HRM

### Interview Questions:

This interview guide is designed open-ended questions to collect relevant data regarding attitudes, comments, opinions and views from the corporation's management and non - management employees who are working in EIC to examine the effect of Human Resource Development (HRD) programs on employee retention of the corporation and to the extent of influences and suggest possible mechanisms in retaining experienced insurance professionals.

### Question guides for management Employees

1. Is there a separate working unit in EIC that is responsible for HRD?
2. Does EIC have a HRD policy & procedure?
3. What are the major purposes of HRD that the corporation need to achieve?
4. How long has been EIC involved in HRD programs?
5. What are the opportunities employees getting in EIC to develop their abilities, knowledge and skills?
6. Do you think that EIC's employees are motivated and retained experienced insurance professionals by the HRD programs of the corporation?
7. What EIC should be done to retain experienced professionals in relation with HRD practices?
8. What are your views with regard to the direct and indirect effects of HRD programs on employee retention of the EIC? How do you measure the successes of HRD effects on employee retention?
9. Which positions are better retaining experienced employees in EIC? Why?
10. What mechanisms do you suggest to maintain experienced employees and anything need to be changed with regard to the current HRD practices of EIC?

**Question guides for Non-management Employees other than HRM director and HRD team head**

1. What are the opportunities employees getting in EIC to develop their abilities, knowledge and skills?
2. Do you think that EIC’s employees are motivated and retained experienced insurance professionals by the HRD programs of the corporation?
3. What EIC should be done to retain experienced professionals in relation with HRD practices?
4. What are your views with regard to the direct and indirect effects of HRD programs on employee retention of the EIC? How do you measure the successes of HRD effects on employee retention?
5. Which positions are better retaining experienced employees in EIC? Why?
6. What mechanisms do you suggest to maintain experienced employees and anything need to be changed with regard to the current HRD practices of EIC?

**Thank you so much!**

**Appendix 3: Reliability Test Result after Data Collection**

Dimensions	Valid	Excluded	Total	N	Cronbach's Alpha
Mentoring	173	11	184	5	0.758
Job Rotation	173	11	184	6	0.823
Career Development	161	23	184	9	0.823
Coaching	161	23	184	8	0.838
Training	154	30	184	10	0.797
Employee Retention	<b>179</b>	<b>5</b>	<b>184</b>	<b>7</b>	<b>0.830</b>
All Independent Variables	<b>124</b>	<b>60</b>	<b>184</b>	<b>38</b>	<b>0.931</b>