

EMPLOYEES' TURNOVER IN THE INSURANCE INDUSTRY: A  
COMPARATIVE STUDY OF PRIVATE AND GOVERNMENT  
INSURANCE COMPANIES

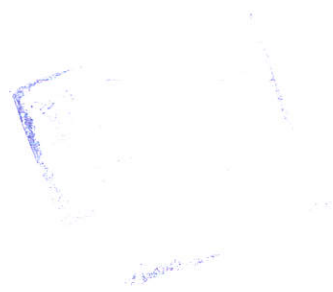
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To the memory of my lovely grand papa Mulugeta Bitewelign

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### **Abstract**

*In Ethiopia, following the market economy declaration by the existing government, many insurance companies have been opened. Thus, the demand for professionals in the industry has been increased. As a result the number of insurance professionals who are leaving insurance companies is increasing. Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover (Robert 2002:395).*

*This study has attempted to analyze the question, "is voluntary turnover higher in the private companies or in the government?" The analysis was done by taking job satisfaction parameters such as compensation system, promotion policy, supervisors' behaviour and working environment. It also assessed the dominant causes of voluntary turnover in the private and government insurance companies.*

*To answer this question and to make the assessment, three private insurance companies, namely Nile, Nyala and United Insurance Share Companies and Ethiopian Insurance Corporation are selected. Stratified and convenient sampling techniques are used to select subjects from the existing and ex-employees of the identified insurance companies respectively. Then a total of 160 and 60 questionnaires are distributed to the existing and ex-employees of those insurance companies respectively.*

*The findings from the collected data depict that employees' turnover in the private insurance companies are higher than the government counterpart. The reasons for these are that the private insurance ex-employees were highly dissatisfied with the working environment, supervisors' behaviour and promotion policy of their respective companies. Moreover, because of the dissatisfaction with promotion policy and compensation system, more than two-third of the privates and half of the government current employees have an intension to quit their jobs.*

*To conclude, since employee turnover is a problem for insurance companies and the rate is still increasing at an increasing rate, all of the previously identified insurance companies should reconsider their compensation system, promotion policy, working environment in order to build satisfied employees who work at greater productivity rates and enhance the level of profits.*

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## **ACRONYMS**

BNA	Bureau of National Affairs
EIC	Ethiopian Insurance Corporation
ERG	Existence, Relatedness, and growth
FAIR	Federation of Afro-Asian Insurers and Reinsurers
FPEA	Financial Public Enterprise Agency
NBE	National Bank of Ethiopia
NISCO	Nyala Insurance Share Company
NRA	National Restaurant Association
PESA	Public Enterprise Supervising Authority
PMAC	Provisional Military Administration Council
TLI	Total Loss Impact
UNIC	United Insurance Company

## **OTHER DESIGNATIONS**

NILE	Nile Insurance Share Company
NYALA	Nyala Insurance Share Company
UNITED	United Insurance Share Company

# Chapter One

## Background of the Study

### 1.1 Insurance in Ethiopia

Insurance, part of the service sector, is very little known to the majority of Ethiopian people. In fact, insurance, as it is known today, is a recent phenomenon in the country.

However, there have been traditional associations whereby people contributed neither money nor labor to assist each other whenever a member faces financial difficulties or needs assistance; for example, to build a house or harvest crops. Among these associations, “*Edir*” and “*Equb*” have some similarities with modern insurance (Federation of Afro-Asian Insurers & Reinurers (FAIR) 1993: 28-39).

Although people have been using these mutual associations, insurance in its modern form could hardly be traced beyond the 1920s. The first insurance business was transacted by the Bank of Abyssinia that began operation in 1905 during the reign of Menelik II as an agent of a foreign company. The coverage given by the Bank of Abyssinia was for fire and marine risks. Another pioneering agent was an Austrian, Weinsinger, who occasionally represented the “Baloise” First Insurance Company in 1923 (ibid).

During the five-year period of Italian occupation (1936–1941), Italian insurance companies had been operating and other non-Italian companies were closed. After the country’s liberation in 1941, seven companies started operation: Phoenix, Caledonia, Royal, South British, London, Union and Queensland (ibid).

Until the beginning of the 1950s, there was no locally incorporated insurance company in Ethiopia. The first insurance company, known as the Imperial Insurance Company, was formed in 1951. Between 1951 and 1970, there had been a number of agencies representing foreign companies and some local companies which were registered and started competing with the foreign agencies (ibid).

However, proclamation 281, known as the insurance proclamation, was issued in 1970 to regulate the market. As the result of this proclamation, foreign companies were not allowed to operate in the country either directly or through agency. The minimum requirements like ownership and capital structure, records to be kept and return required by the controller of insurance were all stated in the proclamation.



Some of the local companies who could not fulfil the requirements of the proclamation were also closed down. “Star” and “Ras” insurance companies were among the victims of the proclamation.

By the end of 1974, 13 companies who fulfilled the requirements of this proclamation had been operating. However, they were all nationalized on 1<sup>st</sup> January 1975 by proclamation No. 261/1975 (The 13 nationalized companies are listed in annex A).

The 1974 revolution overthrew the Imperial Regime and the Provisional Military Administration Council (PMAC), which followed the path of command economy with a socialist credo, took over power in Ethiopia. It didn't take long for the PMAC to nationalize banks and insurance companies and put restrictions on the active involvement of the private sector in the economy. The Ethiopian Insurance Corporation (EIC), which was established by the government effective January 1, 1976, by nationalizing all private insurance companies, then monopolized the Ethiopian insurance market until 1994. The Marxist Regime was abolished in 1991 and a market-oriented economy was introduced in the country (Hailu 2007:73).

Following the 1994 insurance proclamation, which brought an end to the 19-year monopoly of the insurance business by the state owned insurer, the private sector once again got an opportunity to engage in insurance business and a number of private insurance companies were established. The first to be established in August 1994 was Universal Insurance, which was later closed down as a result of supervisory measures. Lion Insurance Company, established in October 1998, merged with UNIC in October 2000. This merger constituted the first voluntary merger of insurance companies in the history of the Ethiopian insurance industry (ibid: 91).

By January 1, 2008, the Ethiopian insurance industry consisted of 10 insurance companies (nine private and one public) and two (Ethio-Life and Oromiya Insurance S.C.) under formation.

Since it is difficult to conduct the research in all of the insurance companies at this level, three private insurance companies, namely, Nile, Nyala and United, which are relatively strong in their financial positions, branch expansion and human resource

development, and the only public enterprise, Ethiopian Insurance Corporation, are selected for this study (please see details in table 1.1 of annex B).

### **1.1.1 Ethiopian Insurance Corporation (EIC)**

The Ethiopian Insurance Corporation (EIC) was established by proclamation No. 68/1975, by taking over the assets and liabilities of the nationalized companies with a paid-up capital of Birr 11 million. The tasks of EIC, as stated in the aforementioned proclamation were to:

- 1) Engage in all classes of insurance business;
- 2) Ensure that insurance services reach the broad masses of the people; and
- 3) Promote efficient utilization of both material and financial resources.

Moreover, the proclamation empowers EIC to manage, administer, supervise and direct all insurance business transactions at the national level; and also negotiate, arrange, underwrite and contract reinsurance treaties and policies with foreign reinsurers.

It was administered under the National Bank of Ethiopia (NBE) until its reestablishment in 1992 as a Public Enterprise Supervising Authority (PESA). EIC remains a state-owned enterprise and is being administered under the Financial Public Enterprise Agency (FPEA) since January 2004. FPEA in effect represents the state and plays the role of the owner in discharging its duties and responsibilities (FAIR 1993: 28-39).

#### **1.1.1.1. Total Assets & Capital**

The total asset of EIC reached Birr 919.2 million whereas the sum of capital, reserves and insurance funds totalled Birr 599.7 million at the end of June 2005/6 (EIC annual report 2005/6:18).

#### **1.1.1.2. Insurance Policies**

Currently, Ethiopian Insurance Corporation sells diverse policies to the public. The policies can be divided into life and non-life insurance.

According to Hailu (2000: 269-272) some life insurance policies EIC is currently selling are:

- Whole Life Policy (with/without profit)

- Individual Term Life Assurance (Level Term)
- Group Term Life Assurance (Level Term)
- Group Yearly Renewable Term
- Ordinary Endowment (with/without profit)
- Marriage Endowment...etc

Non-life insurance includes:

- Fire and Lightning
- Motor Vehicle Policy (private and commercial)
- Money Policy (in safe and in transit)
- Group Personal Accident
- Workmen's Compensation
- Burglary and House Breaking...etc

### **1.1.1.3. Manpower Development**

Pre-nationalization, expatriates managed most insurance companies and there had been very few Ethiopians with the necessary skills. The expatriates and the owner-mangers had to hand over the management of the nationalized companies to the local staffs who were not well equipped technically to assume the responsibility. Despite this hardship, the new mangers embarked on the reorganization process and training of the staff both at home and abroad.

At the beginning of 1976, the total number of insurance staff was 529 with very few university graduates and no insurance professionals (FAIR, 1993:31). The number and quality of staff has been increasing over the years (EIC annual report 2006:9-10). Currently, according to the company's personnel officer, EIC employs 859 staffs in Addis Ababa (head office plus 11 branches) and 312 staffs in 25 up-country branches.

### **1.1.2 The United Insurance Share Company (<UNIC-ETHIOPIA>)**

The United Insurance S.C, better known as <UNIC-ETHIOPIA>, was established by 87 Ethiopian (individuals and enterprises) in November 1994 with an initial paid up capital of Birr 8,073,000 with the following objectives.

<UNIC-ETHIOPIA>'s main objectives are to transact all life and non-life insurance, reinsurance, and related business along the best commercial and professional tradition

by providing the most complete and secure insurance coverage and offering all these at reasonable and competitive prices.

### **1.1.2.1 Insurance policies**

According to Hailu (2007: 269-272) the company is currently engaged in selling both life and non-life insurance policies to the public.

The life insurance policies are:

- Ordinary Endowment (with/without profit)
- Group Endowment Assurance (with/without profit)
- Anticipated Endowment (with profit)
- Education Endowment Policy (with profit)
- Individual Life Term Assurance (level term)
- Group Yearly Renewal Term (GYRT)...etc.

The non-life insurance policies include:

- Fire and Lightning
- Motor Vehicle Policy (private and commercial)
- Money Policy (in safe and in transit)
- Group Personal Accident
- Workmen's Compensation
- Burglary and House Breaking...etc

Mindful of the convenience of its ever-growing customer base, the company operates via sixteen outlets. Of these, 10 are city offices (Addis Ababa branches). Currently, <UNIC-ETHIOPIA> has 111 and 38 staffs in Addis Ababa (head office plus nine city branches) and six up-country offices respectively (<UNIC-ETHIOPIA> Accounts and Audit Report 2007/8: 41).

### **1.1.3 Nile Insurance Share Company**

Nile Insurance S.C. was established on 11<sup>th</sup> of April, 1995 under License No. 6/95 issued by the National Bank of Ethiopia. Renowned entrepreneurs and professional Ethiopian citizens formed Nile Insurance Company S.C. The company and most of its shareholders are founders and prominent investors in the Bank of Abyssinia (Nile Insurance S.C. Annual Report 2006: 4).

The company has been established with 100 million Birr authorized, 50 million Birr subscribed and 40 million Birr paid-up capital (ibid).

#### **1.1.3.1. Insurance Policies**

Currently, Nile Insurance S.C. sells diverse policies to the public divided into life and non-life insurance.

According to Hailu (2007: 269-272) some of life insurance policies the company is currently selling are:

- Whole Life Policy (with/without profit)
- Individual Term Life Assurance (level term)
- Group Term Life Assurance (level term)
- Group Yearly Renewable Term
- Ordinary Endowment (without/with profit)
- Group Endowment Assurance (with/without profit)...etc

Non-life insurance policies include:

- Fire and Lightning
- Motor Vehicle Policy (private and commercial)
- Money Policy (in safe and in transit)
- Group Personal Accident
- Workmen's Compensation
- Burglary and House Breaking...etc

According to the personnel officer of Nile Insurance S.C., currently the company has 237 staffs (head office plus 10 Addis Ababa branches) and 50 staffs in nine outline branches.

#### **1.1.4. Nyala Insurance Share Company (NISCO)**

Established in July 1995 by 17 shareholders with a paid up capital of seven million Birr and with assets of 29 million Birr, Nyala Insurance S.C. (NISCO) has become one of the top privately owned insurance companies in the country. During the last 12 years of operation, the number of clients has grown from 1,200 to 18,000. Nyala Insurance S.C. is the first private insurance company that started operation at 12 service centres nationwide which has now increased to 20 centres.

The paid-up, subscribed capital and assets boosted to 35 million Birr, 50 million Birr and 133 million Birr respectively. Nyala Insurance S.C. is the only insurance company in Ethiopia with a small member of shareholders (Nyala Insurance S.C. Annual Report 2007/8: 11).

#### **1.1.4.1. Insurance Policies**

Currently, Nyala Insurance S.C. sells diverse policies to the public divided into life and non-life insurance.

According to Hailu (2007: 93) some of life insurance policies the company is currently selling are:

- Whole Life Policy (with/without profit)
- Individual Term Life Assurance (level term)
- Group Term Life Assurance (level term)
- Group Yearly Renewable Term
- Ordinary Endowment (without/with profit)
- Marriage Endowment policy...etc

Non-life Insurance Policies include:

- Fire and Lightning
- Motor Vehicle Policy (private and commercial)
- Money Policy (in safe and in transit)
- Group Personal Accident
- Workmen's Compensation
- Burglary and House Break-ins...etc

Currently NISCO has 190 workers in 11 service units of Addis Ababa and nine up-country branches (Nyala Insurance S.C. Annual Report 2007/8: 11).

#### **1.1.5. Insurance Industry Workforce Profile**

The total workforces of the selected companies (Nile, Nyala & EIC) for this study have been increasing since 2004/5. The total number of employees in 2004/5, 2005/6, 2006/7 and 2007/8 were 1564, 1626, 1652 and 1646 respectively. The public insurer accounted for 73.1 per cent of the total employees, while the private absorbed the remaining 26.9 per cent (please see the details in table 1.2 of annex B).

The total numbers of recruited employees have been decreasing, while the total number of employees who had left these (Nile, Nyala and EIC) companies have increased since 2005/6. The statistics show that total employees who had recruited in 2005/6, 2006/7 and 2007/8 were 169, 131 and 116 respectively. While the total number of employees who had quit their jobs in 2005/6, 2006/7 and 2007/8 were 106, 121, and 124 respectively. Since United's human resource department was not willing to provide the required information, the researcher could not include the data. As the data shows, more employees were recruited than those who left their jobs in 2005/6 and 2006/7, while the reverse is true in 2007/8 (ibid).

## **1.2. Statement of the Problem**

Turnover is likely to be problematic from a management point of view. This is especially true of some situations in which staffs are lost to direct competitors or where customers have developed relationships with individual employees, as is the case in many professional service organizations.

Since the turn of the century, employee turnover has been a major concern of practitioners and organizational theorists (Price 1997 cited in Dalton & Todor 1982: 212). One of the most serious and persistent problems confronting the personnel managers is that of selecting employees who will render a long period of service to the organization.

In Ethiopia, during the Dergue regime and because of its Marxist ideology, there had not been a lot of private companies who undertook their own business activities. Similarly, the number of graduates who had potential to work was insignificant. Nevertheless, following the change in the country's economic policy many private companies have been opened. This has created the demand for potential employees in the labor market. As a result, qualified employees have ample opportunities to choose between various competitive benefits and working conditions in different sectors.

Fifteen years back, very few insurance companies were operating in the insurance business but the number has now risen to 10. With the rise in the number of insurance companies, the demand for professionals obviously has boosted. Because of this and other reasons stated in the following paragraphs, the mobility of potential insurance

employees has increased. As table 3.62, 3.58 and 3.60 in the third chapter show, in the 2007/8 budget year, EIC, Nile and Nyala have recruited 65, 18 and 33 employees respectively. However, in the same year 67, 25 and 32 employees quit their jobs from EIC, Nile and Nyala respectively. One can conclude from these data that the mobility of turnover in the insurance industry is high.

On the other hand, the rate has also been increasing at an increasing rate. For instance, in 2005/6, the turnover rate of Nyala Insurance was 8.9 per cent while currently it has reached 16.8 per cent. Similarly, EIC had a 4.2 per cent turnover rate in 2003/4 but now it has grown to 5.7 per cent. The total turnover rate of Nile, Nyala and EIC in 2005/6 was 6.5 per cent while in 2007/8 it rose to 7.5 per cent (please see details in table 1.2 of annex B). All these show how employee turnover is a problem for the private as well as the government insurance companies of Ethiopia.

There are a lot of push factors that facilitate the labour turnover increase in the private as well as government insurance companies. For example, according to the gathered data, existing employees of EIC seriously complain about their company's compensation system and cited it as a major cause for their intention to quit next to promotion policy. Likewise, the private insurance company employees, namely, Nile, Nyala and United, are also dissatisfied with their respective companies' promotion policy and compensation systems. Similarly, ex-employees of United Insurance desperately criticize the reluctance of the management to find ways to reduce the workload that gave the impetus for them to quit their jobs. On the other hand, newly established insurance companies, commercial banks, insurance and reinsurance brokerage companies, international organizations etc. have extracted potential employees from the insurance industry.

Furthermore, there are various costs such as recruitment, selections, training and development etc. that both the private and government insurance companies have incurred as a result of excessive voluntary turnover. For instance, according to the personnel officer of Nyala Insurance, the company has incurred on average Birr 600 per person for medical check-up and vacancy advertisement only. The amount increases when other costs are included. The four study companies (EIC, Nile, Nyala and United) have also faced negative consequences such as shift of business by

dissatisfied customers, burdensome workloads on retained employees, susceptibility to easy accessibility of competitor business strategy, and decline in production, loss of market share and net profit etc. According to Hailu (2007: 203) undue rate cutting is a primary strategy adopted by insurance companies in Ethiopia to attract and retain customers. This is definitely the result of susceptibility to easy accessibility of competitor business strategy and rate charts.

As a result of the above causes, costs and negative consequences stemming from voluntary turnover should command the attention it deserves in order to provide quality service to the public:

Understanding the current situation in the insurance industry, this study compares voluntary turnover rates of the private insurance companies such as United Insurance S.C., Nile Insurance S.C. and Nyala Insurance S.C. with the public sector (Ethiopian Insurance Corporation). Moreover, by selecting parameters - compensation system, promotion policy, supervisors' behaviour, and working condition, it also defines the main causes for the private and government insurance companies.

### **1.3. Research Questions**

The study shall use the following questions to guide the research.

- 1) Of the selected parameters which are the major causes for voluntary employee turnover in the private as well as government insurance companies?
- 2) What are the consequences the insurance industry of Ethiopia faces as a result of employee turnover?
- 3) To what extent voluntary turnover is high in the private as well as government insurance companies?
- 4) What measures should be taken by the management of both government and private insurance companies to retain employees?

#### **1.4. Objectives of the Study**

The general objective of this study is to make a comparative analysis of voluntary turnover in the private and government insurance companies of Ethiopia. More specifically the study will:

- 1) Measure the rate of voluntary labour turnover of the private vis-à-vis the government insurance companies.
- 2) Assess which of the parameters - compensation system, promotion policy, working environment and supervisors' behaviours - are the major causes for the private and government insurance companies' turnover phenomenon.
- 3) Assess consequences of voluntary labour turnover in the insurance industry.
- 4) Propose and recommend ways and means of solving the problems.

#### **1.5. Significance of the Study**

The issue of employee turnover has become a very serious problem in many organizations, particularly in the insurance industry. The study is valuable in determining the major causes of turnover in the industry and drawing the attention of concerned management bodies to the necessity to tackle the problem. Moreover, it proposes valuable retention mechanisms. Lastly, the study can also be used as significant groundwork for future insurance industry study, to scholars interested in the relationship between impetuses to quit and actual turnover behaviour and to others who feel adverse effects of labour turnover.

#### **1.6. Methodology**

The research method used in this study is descriptive in that it illustrates where and why a situation or a problem developed.

##### **1.6.1 Types of data**

This study uses both primary and secondary types of data. The primary data was gathered through a questionnaire and in depth interviews. Secondary data was

collected from company records, annual bulletins, journals, textbooks, previous researches and Internet.

### **1.6.2 Sources of data**

The primary source of data for this study was taken from head offices and Addis Ababa branches of the selected private and government insurance companies. Moreover, in depth interviews with concerned human resource department managers of the selected insurance companies are used to clarify ambiguities and gather necessary information on policies and directives. Likewise, secondary data were taken from libraries of Addis Ababa University, Ethiopian Management Institute and from the archives of the identified insurance companies.

### **1.6.3. Data collection technique**

Three types of questionnaires, comprised of both open and closed-ended inquires, were prepared to gather primary data. The first was designed for ex-employees of the selected insurance companies to discern what caused them resign and to assess their feelings and attitudes towards their former employers. The second questionnaire was prepared to ascertain opinions from existing employees' of respective companies. The last questionnaire targeted human resource managers in order to gather data on policies, retention mechanisms, and consequences of turnover the selected companies had faced.

### **1.6.2 Sampling Techniques**

Since it was difficult to gather information from all insurance companies, using purposive sampling, the researcher has taken three sample private insurance companies that are relatively old in terms of age, financially strong, and have large numbers of branches and employees. These are Nyala, Nile and United insurance companies and Ethiopian Insurance Corporation from the government.

Stratified sampling was used to draw samples from the existing employees. The strata were head offices and all Addis Ababa branch offices of each selected company: 11 branches and head office from Nyala, 11 branches and head office from Ethiopian Insurance Corporation, 10 branches and head office from Nile and nine branches and

head office from United Insurance Share Company. Moreover, convenient sampling technique was used to sample the ex-employees of each company.

### 1.6.3 Sample Size

Because of unmanageability, time restrictions and similarities of anticipated responses it was mandatory to adopt sampling procedures and select only Addis Ababa employees of the selected insurance companies. Because of limitation of time and of course higher number of employees concentrated in Addis Ababa branches, they were selected as strata. The sample selection was carefully conducted to reliably represent the entire sector.

The selected private and government insurance companies' employees in Addis Ababa numbered 489 and 859 respectively (for details please see table 1.3). Seventy-five (15.3 per cent of 489) and 85 (10 per cent of 859) questionnaires were distributed to the existing private and government employees selected as a sample size of the study, respectively. The private questionnaires were distributed to Nile, Nyala and United equally. Of the total distributed questionnaires 24 (96 per cent of 25) from Nile, 25 (100 per cent) from Nyala, 22 (88 per cent of 25) from United and 83 (98 per cent of 85) from EIC were successfully collected.

Table 1.3 shows how the sample size of existing employees was drawn from each of the companies.

S.N (1)	Name of company (2)	Total No. of Addis Ababa employees (3)	Total No. of head office employees (4)	Total No. of Addis Ababa branches' employees (5)	Sample size of each company (6)	Designed sample	
						Head office employees (4)/(3) x (6)	Addis Ababa Branches' employees (5)/(3) x (6)
1	Nyala Insurance S.C.	141	75	66	25	13	12
2	Ethiopian Insurance Corporation	859	359	500	85	35	50
3	Nile Insurance S.C.	237	135	102	25	14	11
4	United Insurance S.C.	111	67	44	25	15	10
	Total	1348	636	712	160	77	83

Source: own survey

According to the data gathered from the four insurance companies a total of 377 employees resigned voluntarily from 2004 to 2007. Sixty (16 per cent of 377) ex-employees were taken as a sample size of the study. Fifteen (15) questionnaires were distributed to each of the four insurance companies. Of the distributed ex-employee questionnaires 13, 12, 15 and 15 were collected from Nile, Nyala, United and EIC respectively.

#### **1.6.4 Data Presentation Strategy**

After the completion of data collection, data presentation was made using a descriptive statistical analysis method. That means calculations, comparisons and tables were created using a software package called Statistical Package for Social Science (SPSS). Frequency and cross tabulation tables, charts and percentages were used to present the results of the finding.

#### **1.7. Scope of the Study**

Turnover classified into functional and dysfunctional categories are highly valuable in clarifying theory and research concerning employee turnover.

To include people in the turnover rate who leave because of death, illness or retirement generally is inappropriate for the study of turnover. This form of overstating turnover generally has been avoided in the traditional turnover literature by excluding from the analysis people who left work for these reasons (Price 1977 cited in Michael & Barry 1984: 311). Second, some degree of turnover has been shown to have positive consequences for organizations as well as for individuals. For example, better person-job matches, staffing flexibility, salary and fringe benefit savings and infusion of new ideas into organizations are among the potential benefits of turnover rates.

The scope of this study is bounded to studying dysfunctional skilled labour turnover that resigned voluntarily from insurance companies. Skilled in this paper is used to denote those employees who have educational qualification of diploma and above.

## 1.8. Limitation of the Study

The following are limitations of the study:

1. Some voluntary separations involve employees which the organization would prefer not to retain. For instance, if an employee commits a serious mistake, insurance companies sometimes prefer insisting him/her to submit resignation letter to simply discharging. So that it is difficult to detect this kind of turnover.
2. Lack of secondary data. The private insurance companies were weak in record keeping of their existing as well as ex-employees. Although EIC was best in keeping employees' records, was not practicing computerized record keeping, thus limiting data accessibility. This had made secondary data collection difficult.
3. Human resource department of United Insurance Company was not willing to provide the required secondary data.
4. Time and resource constraints.

## 1.9 Organization of the Study

This research paper is organized in five chapters. The first chapter discusses background of the study and methodology, including statement of the problem, objectives, research questions, significance, methodology, scope and limitation of the study followed by an outline of the thesis.

The second chapter discusses the theoretical framework of employee turnover, while the third chapter deals with data interpretation and discussion of the findings.

The fourth chapter presents data analysis of the findings. The fifth and last chapter focuses on summary of the findings, conclusion and recommendations of the study.



## Chapter Two

### Theoretical Framework

#### 2.1 Introduction

An instance of voluntary turnover, or quit, reflects an employee's decision to leave an organization, whereas an instance of involuntary turnover, or a discharge, reflects employer's decision to terminate the employment relationship (Jason et al 1998:511). Different scholars draw distinction among various types of turnover. According to Jason (ibid) turnover can be voluntary or involuntary where as others divided it as skilled and unskilled. But, the more elaborated types of turnover are provided by Paul and Charles in this chapter.

Why are employees voluntarily leaving the organization? Are they having difficulties with transportation, working conditions, shift assignment, supervisors' behaviour or fearing the company is liquidating? All these questions lead to the cause of employees' turnover in an organization. Various researches made conclude that the precursor of turnover is dissatisfaction with pay, promotion, supervision, work load and age (Andrew 1979:43). But others relate with sex and marital status (Raymond, 1951:77). All these and other causes of employees' turnover are briefly discussed in this chapter.

Whatever the cause is, employees' turnover obviously involves some costs that, unless weighted by certain gains, constitute a loss to the organization. Moreover, there are also consequences, positive or negative, which are related to excessive turnover.

So this chapter discusses the above highlighted issues and others that are relevant to this study such as motivation theory and turnover relationship, ways to reduce excessive turnover etc. in detail.

#### 2.2. Definitions of Employee Turnover

Different scholars define employee turnover in different times in different ways, of which, the followings are some.

Employee turnover can be defined as any permanent departure beyond organizational boundaries. Not included as turnover definition, therefore, are transfers within an organization and temporary layoffs (Macy & Mirvis 1983:56).

Richard (1970 cited in Paul & Charles 1981: 217) define employee turnover as mobility of employees among organizations, and between functional subunits within a given organization. He viewed transfer within the organization as turnover.

Employee Turnover is the net result of the exit of some employees and entrance of others to the work organization (John & William 1989:873).

According to Michael and Barry (1984:331), dysfunctional turnover is defined as the level that produces a divergence between the organization's optimal balances of costs associated with turnover and the costs associated with retaining employees.

There is no universally accepted definition to employee turnover. However, the above and other definitions enable one to explore a working definition. So for the purpose of this research I can adopt Macy and Mirvis's (1983:56) definition of turnover. Employee turnover is any permanent departure beyond organization boundaries.

### **2.3. Types of Employee Turnover (Mobility)**

Even though different scholars draw various interrelated types of turnover, Paul and Charles (1969:312-313) provides more elaborated types of employee turnover. These are:-

**3.1. Accessions-** hiring new employees or rehiring former employees. Other accessions include employees called back to work after layoff, transfers from other plants of the same firm, and former employees returning from military service or other absences without pay that were not counted as separations.

**3.2. Separations- termination of employment, usually subdivided as follows:**

**i. Voluntary quits-** instance of turnover initiated at the choice of the employee. And individuals who are absent without authorization for 7 consecutive days (or sometimes less).

**ii. Layoffs for lack of work-** terminations initiated by the employer because a job is being eliminated or because there is a reduction of employment due to insufficient demand. Such separations are presumably without prejudice to the employee.

**iii. Disciplinary layoff or discharge-** because of dissatisfaction with an employee performance or conduct. Therefore, both are prejudicial to an

employee's record. It is the same with involuntary turnover which is defined by Jason et al (1998: 511) as an employer's decision to terminate the employment relationship. However, if discharge comes before completion of a probationary period, loss to the employer is less severe because no employment rights have been acquired.

#### *Iv. Permanent or partial disability, retirement, or death.*

### **2.4 Causes of Turnover**

Why are employees voluntarily leaving the organization? Are they having difficulties with transportation, working conditions, shift assignments, Supervisors' behaviour or fearing that the company is going to liquidate soon?

Research carried out by Liberson and O'Connor (1972 cited in Barry 1980: 269) found that turnover of top executives did significantly relate to financial performance of firms but the magnitude of the effect varied greatly by industry. Besides this, researches made in 1960s and 1970s (cited in Andrew 1979: 43) conclude that a precursor of turnover is dissatisfaction with such organizational components as pay, promotion, supervision, work and age. So analysis to determine the types or characteristics of people or factors affecting people who are most subject to dissatisfaction will involve consideration of the following factors:

#### **2.4.1 Wage**

Pay is probably a less potent incentive for production than some of the other factors in the work situation. Job satisfaction and rate of pay do not necessarily correlate positively. Other important factors contributing to work satisfactory are: congenial work conditions and social contacts, opportunity for promotion, desirable physical work conditions, ability and opportunity to satisfy vocational aspirations, job security, proper and understanding supervision, adequate insurance and saving plans and old age pensions, and for persons of higher mental abilities, a variety of work instead of routine. Though absolute wages in themselves seem to have little bearing upon termination, the amount of earnings in relation to an employee's previous job earnings is an important factor to be considered. There seems to be a positive relationship between the starting "relative pay" and the length of service in a new job (Aspley & Whitmore 1943 cited in Raymond 1951: 77).

#### **2.4.2. Sex and Age**

Turnover or job separation is proportionally greater among young people under 20 years of age than in any other age group. More men than women leave jobs for occupational reasons, and women leave more jobs for personal reasons than do men. Younger men leave mostly because of unsatisfactory job placement; and as age increases, ill health as a reason for termination increases as the former reason decreases. Middle-aged men leave because of dissatisfaction with wages more than do men of other ages. Health is a serious problem of termination in all age groups of women. Women tend to give the reason that work is too heavy frequently after seven or more months of employment (Clark 1946 cited in Raymond 1951: 77).

#### **2.4.3. Marital Status**

Health and need for greater income are the reasons advanced most frequently by married men as reason for termination. Married men employees tend to be more stable as the number of dependents increases. A large majority of married women cite too heavy work as a reason for termination. This fact may indicate an accumulative effect of fatigue on those married women who find it too difficult to continue factory work and still fulfil household responsibilities (Palmer et al 1944 cited in Raymond 1951: 77-78).

#### **2.4.4. Seniority**

Turnover is greater among new employees. Men who have little seniority quit because of dissatisfaction with "relative pay" wage rates; among those having increasing seniority there tends to be fewer terminations for this reason (Raymond 1951: 78).

#### **2.4.5. Shift**

A higher percentage of men quit because of health reasons on the graveyard and swing shifts than on the day shift. The shift of work is an important factor to not in the analysis of turnover, for it may localize the problem for further study with additional cost of analysis of the entire plant (ibid).

#### **2.4.6. Size of the Work Group**

Turnover is usually found to be much greater in large groups than in small ones. The feeling of belonging and "we-ness" is greater in small industries and business concerns or small subdivisions of workers. The larger the group, the more industry should do to create such a feeling through proper personnel relation programs (ibid).

#### **2.4.7. Education**

The relationship of education to the stability of the working force has not been adequately studied to give industry conclusive basis for pragmatic application. It is, however, a factor along with handling of grievances and dissatisfactions, inadequate personnel policies and activities, geographical location of the plant, type of industry or product manufactured, state of the labor market, time of the year, poor wages, or various characteristics of the workers. Undoubtedly a major cause of excessive turnover is dissatisfaction of the worker or employer resulting from the unfitness of the worker for the job. Proper employment procedures which assure a maximum possibility of employing the worker for the job he likes best and can perform best, and personnel procedures which will give him the recognition and satisfactions he needs will accomplish a reduction in satisfaction and turnover (ibid):

#### **2.4.8. Mentality**

There is a very definite relationship between mentality of an employee and job turnover for various jobs. Employees may be placed on jobs requiring more or less ability than they possess. In the former case, the employee tends to become discouraged and feel "what's the use?" and in the later he tends to become impatient, dissatisfied, and restless. Ambition and desire cause those employees working on a job level lower than their mental ability level and seek other employment. (Tiffin 1942 cited in Raymond 1951: 78).

#### **2.4.9. Skills**

Turnover is greater among unskilled workers than among those who are skilled. The greatest turnover rate among skilled workers occurs immediately following the apprenticeship period because of their desire to gain varied experiences in several plants. Skilled workers are in general, today, better organized, and employers are more hesitant to discharge skilled workers. This may account for some of the differences of turnover rate calculated by skill (Walters 1945 Raymond 1951:77).

#### **2.4.10. Supervisory Behaviour**

The role of the supervisor is a key to employee's job experience for several reasons. First, supervisors control the degree of structure, ambiguity, and conflict in the work itself. Second, they provide informal and formal feedback to the employees on their work behaviour. Third, they control rewards and even the job security that the employees may enjoy (Katz, 1978; Van Maane, 1975 cited in David et al 1981: 250).

One consistent finding in the research on turnover is its relationship to tenure; the longer employees have been with an organization, the less likely they are to leave. Thus in organizations with high turnover, the problem often stems from the inability to retain their newest members. It has been observed recently that newcomers require more social cues for what expected from them than do veteran employees (Buchanan, 1974; Katz 1978; Wanous, 1977 cited in *ibid*). So it is the supervisor's responsibility to create conducive social cues in the department as well as in the organization.

This paper focus on causes of employee turnover such as compensation system, working environment, supervisors behaviour and promotion policy for comparing the selected private and government insurance companies. This is primarily because it is a little bit difficult to examine all causes of turnover. Moreover, there are factors such as "shift" the industry could not implement it. Above all, researches made in 1960s and 70s (cited in Andrew 1979: 43) conclude that the causes that are mentioned in this paragraph are serious determinants of employee turnover. So that this paper will assesses of the identified factors which one is the most serious cause for the privates and/or for the government insurance companies.

## 2.5. Computation of Rates

There are several quantitative methods for computing turnover. Some of the formulations are:

1. Separation rate =  $\frac{\text{Number of separations during the month}}{\text{Total number of employees at mid month}} \times 100\%$
2. Quit rate =  $\frac{\text{Total quits}}{\text{Average working force}} \times 100\%$
3. Avoidable turnover =  $\frac{\text{Total separation} - \text{Unavoidable}}{\text{Average work force}} \times 100\%$

Formula 1 the most general and is the one recommended by the department of Labor. Formula 2 tries to isolate a difficult type of turnover, and formula 3 is the most refined. It eliminates quits by those groups that can be expected to leave: part-timers and women leaving for maternity reasons. These data can be refined further by computing turnover by 100 employees by length of employment, by job classification, by job category, and by each organizational unit (John & William 1989: 873).

One way employers analyze turnover rate is to compare the organization's rate with those of other organizations. Various sources publish average turnover rates quarterly

or yearly. These include agencies such as the government labor departments, the Administrative Management Society, and BNA'S quarterly reports on turnover and absenteeism. Another approach is to analyze the enterprise's turnover by comparing the differences in rates by employee classification or departments (ibid: 874).

## **2.6. Consequences of Turnover**

### **The assumptions of previous turnover research**

Most of the existing empirical literature relates demographic, psychological, and economic data to instances of turnover, turnover being treated as a voluntary decision on the part of individuals to leave an organization (Barry 1980: 253).

The strength and endurance of the assumption that turnover is a negative consequence for organization is understandable given three factors. First, turnover almost always involves some costs for the organization (e.g. recruitment, selection, and training) and these costs may be more salient to administrators than any benefits which any result from a change in personnel. Second, because practicing organizational psychologists are generally charged with recruitment, selection, and training responsibilities within organization, and since as Pugh (1966 cited in ibid) has noted, researchers in organizational psychology have tended to focus upon problems practitioners perceive as important, the negative side of turnover has been emphasized from the perspective of personnel department, turnover creates operating expenses for the organization and a major way for this department to contribute to the organization would seem to be a reduction in turnover expenses. Third, research in organizational psychology has tended to focus on lower-level employees in organizations such as the behaviour of blue-collar workers and their immediate supervisors. Research on turnover has been no exception, relatively few studies having been conducted on the turnover of managerial or professional personnel. Although there has existed a small literature on executive succession within sociology (which has interestingly not assumed turnover to be detrimental to the organization), there has been almost no interface between the succession and turnover literatures (Barry 1980:254).

In this part we will outline several benefits as well as costs of turnover in organizations. What makes the task of turnover difficult is the possibility of multiple and conflicting outcomes. In addition, it is likely that these outcomes are each conditioned by several moderating variables adding further complexity to the picture (ibid).

## 2.6.1. Negative Consequences

### 1. Costs of labour turnover

Since personnel mobility requires adjustments by all concerned, it obviously involves some costs that, unless outweighed by certain gains, constitute a loss to the organization. In most companies avoidable separations and unnecessary or unwise transfers produce unjustifiable cost not only in human values but also in money. Yet line officials are often unaware of the extent and nature of the damage done even by such an obvious manifestation of poor management as excessively high turnover rates.

If labor is considered merely as a commodity, a constant need for replacements may seem nothing to worry about with a period of labor surplus. But officials who hold this view are quickly jolted out of their complacency when a tight labor market makes replacements difficult to find. Even in "good times" they might be shocked if they realize all the financial waste involved. In order to reduce the cost of labor turnover to a minimum, it is essential that the line officials from the top down be kept supplied with relevant information. Here we noted some estimates of the high cost of labor turnover.

In more detail Paul and Charles (1969:309-310) explained these costs which include:

- 1) **Costs of hiring and training each new employee-** (If a skilled or professional employee leaves the company soon after his training or development is completed, obviously this constitutes a considerable loss for the organization.)
  - i. **Costs incurred by the employment department-** time and facilities used to interview the applicant, prepare necessary records, give physical examinations, etc.
  - ii. **Training and development costs-** time of supervisory and instructors.
  - iii. Wage or salary paid to the new employee in excess of his initial value to the organization. This is true of newly hired professional and technical employees as it is of piece workers paid a "guaranteed minimum" before their productivity exceeds it.
  - iv. Poor performance, breakage, scrap, and wastage of materials in the learning period.
  - v. Possible costs in accidents to self or others which skill is being acquired.

- 2) Costs of overtime work required from regular workers in order to maintain the required level of production or service until the new employee can do his share.
- 3) Loss of production in the interval between separation of the former employee and the time when his replacement is fully broken in
  - i. Maximum loss while the group is without a replacement
  - ii. Loss in group efficiency while regular employees are readjusting to a new member.
- 4) Expense in equipment or facilities not being fully utilized during the training period.

Several attempts have been made to estimate the amount of these costs. While different organizations may arrive at some what different figures, the effort is worth while as evidence to management that there are wastes involved in labor turnover. These analysis are unfortunately sometimes necessary in order to enlist the interests of operating officials in a program to reduce excessive labor turnover (ibid).

However, these costs can be estimated only when we know how much labor turnover there is at any given time and of what kind. Obviously, from the firm's stand point the most unjustifiable waste is that involved in "avoidable" separations. In order to determine whether or not this item is concealed among turnover figures, a personnel administrator must analyze the current rate of labor turnover and distinguish between avoidable and unavoidable separations (ibid).

Recognition of high turnover costs may lead to an analysis of the reasons why some employees leave as compared to those who remain.

## **2. Operational disruption**

Aside from the recruitment, selection, training and development costs associated with turnover, the loss of large numbers of personnel or key members of the organization will sometimes prove costly in terms of general disruption. When people leave it may affect the ability of others to produce their work because of interdependence of work roles within the organization. If a key person leaves the whole system may break down if the organization is both highly interdependent and specialized. As a result, many organizations have backup personnel for key roles, and if a large number of roles are essential for functioning, employees may be trained in a multiplicity of skills. At the extreme, when members of a team are both necessary to the functioning

of a mission and at the same time vulnerable to loss, each member may be trained to carry out the most essential tasks of the entire work unit (Barry 1980: 256).

### **3. Demoralization of organizational membership**

Having people in an organization may involve costs beyond replacement and operational disruption. Because people typically leave one organization for an alternative organization, turnover may undermine the attitudes of those remaining. Those remaining in the organization may see their own fates as less desirable (left behind) and they may question their own motivation for staying. In essence, turnover provides salient cues about the organization and a role model for others. Thus, turnover may by itself trigger additional turnover by promoting deterioration in attitudes toward the organization and making salient alternative memberships (ibid: 257).

#### **2.6.2. Positive Consequence of Labour Turnover**

Recently, researchers have begun to question the fundamental assumption that turnover is invariably dysfunctional to the organization. It has been noted that analysts may have neglected positive organizational consequences because such benefits are often less obvious and less quantifiable, and they take longer to show up than do negative costs. Arguably, according to Idalene & Dan (1982:70-71) there are many possible positive organizational consequences associated with turnover. Among them are the following:

1. The displacement of poor performers.
2. An infusion of new knowledge/technology through replacements.
3. The stimulation of changes in policies and practices.
4. An increase in internal mobility opportunities.
5. An increase in structural flexibility.
6. An increase in satisfaction among those who stay.
7. A decrease in other "withdrawal" behaviours.
8. Opportunities for cost reduction and consolidation.

Identification of these benefits increases our understanding of the results of employee turnover. These points illustrate that, while the costs of turnover may be large, the other side of the coin must also be examined to responsibly assess the effects of turnover. (ibid).

The dollar value of many beneficial elements are of course very difficult, if not impossible, to calculate. An increase in internal mobility, for example, has important

benefits for the organization. When senior employees leave an organization (for any reason), their jobs are likely to be filled by those below them in line for promotion. It can be persuasively argued that the departure of senior employees may lead to positive organizational consequences. Perhaps, but it is difficult to attach an accurate dollar value. How can we estimate the value of the infusion of new ideas and technology by replacement employees? No one seriously doubts that there may be advantage to be gained in this situation, but they are difficult to calculate. We would not presume to do so. This is a matter better left to the organization's management (ibid).

### **2.6.3. Restoring the balance**

At present negative consequences of employee turnover usually attract much more attention than positive outcomes. This is because according to Barry (1980:270) any disruption in operation is likely to cause difficulty for the line administrators charged with day to day management. Moreover, possible demoralization effects will affect the immediate climate with which an administrator works, making leadership both more necessary and difficult to carry out. In sum, there are several major sources of adverse consequences may directly affect the nature of administrator's job within an immediate time zone.

Likewise inside succession following turnover eases the cost of recruitment and training may have a positive effect on organizational morale, yet at the same time it may not produce as much innovation and adaptation as would outside succession (Barry, 1980: 267). But on the net result, the company would face recruitment and training costs to replace the vacant post of the succeed employee.

## **2.7. Effects of Labour Turnover**

### **2.7.1. Stabilizing Effects**

Labour turnover promotes company stability in so far as circulation of employees brings new blood in to the organization. The company remains a "going concern" in regard to personnel as long as employees who leave for reasons of age or health are replaced by younger or stronger employees. Moreover, efficiency and morale are raised when necessary management replacements can be supplied by promotions from within the organization rather than from outside the company (Paul & Charles 1969: 307-308).

Similarly, internal mobility may build team work when transfers make possible a better adjustment among team mates and when upgrading or promotion meets a worker's needs and thus resolves inner conflict. An ambitious employee needs to know that promotion will parallel his increased ability and worth to the company. If his job is far below his capacity, he is inevitably wasting ability and is subjected to tensions. Similarly, if he feels that he is a "blind-alley" job, he is certain to be dissatisfied. The distributing effect of such trains on his equilibrium may, through him, prove injurious to group morale. Open job binding permits employees to make themselves available for a wider variety of job opportunities within the organization (Theodore 1967 cited in *ibid*).

An employee who has placed by his supervisor in a position that is far beyond his abilities is inevitably inefficient and subject to overstrain, and he may indulge in "griping" or other manifestations of this overstrain. Where companies on shifts, the time of day or pace of the shift may prove ill-suited to certain individuals. The conflicts thus generated are so detrimental to group stability that the readjustments necessitated by transfer are more than worth the temporary inconvenience to all concerned (Paul & Charles 1969: 308).

Individual needs can also be met by internal mobility in the form of production transfers to avoid layoffs, remedial transfers to solve personal or technical difficulties arising from improper placement or marked changes in individuals, and sometimes even by transfers for such a purely social reason as an employee's desire to join a more congenial work group or, for some personal reason, to swap assignments with another employee. In such ways, labor turnover and internal mobility may promote individual, group, and company interests by increasing work satisfaction, loyalty, and efficiency, especially when such mobility is encouraged by job bidding in which the employee takes the initiative (*ibid*).

Labour turnover may also promote the needs of expanding firms and industries in a changing economy, as we have already noted. Indeed, too little turnover may be a reflection of the fact that employees are "tied" to their jobs by pension rights and other benefits related to length of service. The need of the broader society for some mobility may thus run counter to the interest of the firm in reducing mobility as evidenced by labour turnover.

### **2.7.2. Destabilizing effects**

Obviously, personnel mobility is not all gain. When a separation occurs for any reason, the organization and the work groups that comprise it must adjust to the loss. Changes in work routine are inevitable, and a group may be short handed for a time. If the departing employee is a valued team mate and is laid off or discharged without adequate explanation, his fellow employees become disturbed. Speculation leads to rumours. Gossip and worry reduce work efficiency. A sense of insecurity and resentment may spread among members until it leads to voluntary separations that further upset the group (ibid: 308-309).

When a new member is introduced into a work group, human adjustments must be made by all concerned. Some adjustments are necessary even when a new member is a transferee. If he is a new comer to the company, and perhaps also unaccustomed to industrial life, much has to be done before he is assimilated into the work team. The old-timers are inclined to ask each other, "Who's the new guy? He looks kinda dumb." The "new guy," confronted by a work group that seems to him a clique, may feel at the end of the first day, "Gosh, I'm not going to be able to stand working here." There are difficult mutual adjustments when the group adapts to a new member or when the probationer makes a place for himself. The strain involved may manifest itself in poor work quality or performance, accidents or quarrels. Unless the adjustment process can be satisfactorily completed, the whole replacement cycle must be repeated (ibid).

Emphasis on such intangibles should help convince management the importance of handling personnel mobility within the organization in ways that keep individual and group needs roughly in balance (ibid). In addition to these, managers should assess what motivates employees in order to maintain the balance.

### **2.8. Motivation Theory and Employees' Turnover**

Motivation theory attempts to explain what causes one employee to be productive and another to be unproductive? Why are some employees loyal to their organization while other quit? This is not an easy task, as Vroom and Deci (1970 cited in Cole 1988:73) put it: "the question of what motivates workers to perform effectively is not an easy one to answer." The difficulty according to Cole (1988: 73) is that the researchers involved have to make assumptions about the motives for behaviour they

have observed or recorded. There is always an element of subjectivity, therefore, in any judgements made about motivation.

It is useful to review some of the major classifications of motivation theories, since each theoretical perspective will shed light on how motivation influences work performance. According to James (1982: 444), distinctions are made on the basis of *content theories*, which focus on the “what” of motivation, and *process theories* which focus on the “how” of motivation. *Reinforcement theories*, a third approach, emphasize the ways in which behaviour is learned.

The content approach is associated with such names as Maslow, Alderfer and Herzberg.

Maslow (1954 cited in Cole 1988:75) suggested that human needs operate at a number of different levels, from basic physiological needs such as hunger, to higher level needs such as self development and self fulfilment. He arranged these needs in five classes, which are, physiological needs, safety and security needs, belonging needs, esteem needs and self actualization needs.

Clayton Alderfer (1972 cited in *ibid*) followed up Maslow’s idea with some studies which led him to propose his so-called Existence, Relatedness, and Growth (ERG) theory of motivation. This suggested that people’s needs are arranged along a continuum, rather than in hierarchy, and that there are three rather than five groups of needs, Viz Existence, Relatedness, and Growth. Existence needs correspond to Maslow’s lower levels, Relatedness corresponds to Maslow’s social needs, while Growth corresponds to Maslow’s higher-level needs.

Another theory of motivation that is heavily based on need fulfilment has been proposed by Herzberg. Herzberg’s two factor theory (1966 cited in Peter et al: 367) proposes that outcomes from behavioural choice fall into one of two general categories: hygiene factors or motivators.

Hygiene factors are viewed as the elements within an organization that prevent dissatisfaction. Although these elements must be perceived as adequate to avoid negative feelings, their presence does not usually lead to feelings of satisfaction. The most predominant hygiene factors are general working conditions, company policies,

supervision, salary, and interpersonal relationship. The logic behind this perspective is that people wish to avoid unpleasant experiences. If they cannot do so, they will be dissatisfied. Note that the hygiene factors are generally associated with the environment in which the worker performs; in other words, the hygiene factors are extrinsic to the employee (ibid).

Motivators, on the other hand, are pleasurable experiences that can lead to job satisfaction. According to Herzberg, job motivators include achievement, recognition, and the nature of work, responsibility and advancement. Motivators are generally associated with the job itself; they are said to be intrinsic to the employee (ibid).

Herzberg's two-factor theory has been severely criticized by many scholars in recent years. According to Peter et al (1991:368) Herzberg's classification of salary as hygiene factor has been especially targeted by critics. In general, many experts believe that evidence suggests that salary, at a minimum, has the potential to motivate employees. In fact, Herzberg's own data do not clearly classify salary as a hygiene factor. Secondly, many scholars believe that the model does not give sufficient attention to individual differences (Richard & Lyman 1983:486). The other criticism that is more relevant to this study comes from Paul and Charles (1981:114). According to this critique, Herzberg's theory seems too rigid to match the individual and ever-changing quality of human nature. Moreover, such an inflexible concept is at odds with many clinical observations and research.

Paul and Charles conducted (1981:114) research on a large insurance company's top executive to experiment with Herzberg's m-h theory. Their chief objectives were to raise productivity among hourly rated clerks while simultaneously reducing absences to lower the turnover rate and to raise moral. What they have concluded from their research was that (1) there are no hard and fast lines between factors that are "satisfiers" and others that are "dissatisfies". (2) There are no sharp distinctions between job content and job context. There are significant differences. But at times the dividing lines blur. They provide as an example the interview with managers, supervisors and non-supervisors that can work both ways (3) the drive for achievement can become demoralizing (demotivating) when it is blocked. On the other hand, interpersonal relationships can function as satisfiers.

Though Herzberg's theory has been seriously criticized, it has made a major contribution in emphasizing the importance of intrinsic rewards from work itself

(ibid). Because of this, concepts of Herzberg may be used in this paper whenever necessary.

### **2.8.1 Relationship of Employees' turnover and motivation theory**

Many organizations are now beginning to pay increasing attention to developing their employees as future resources (a "talent bank") upon which they can draw as they grow and develop. Evidence for such concern can be seen in the emergence of "human resource accounting" system: More concern is being directed, in addition, toward stimulating employees to enlarge their job skills (through training, job design, job location and so on) at both the blue collar and the white collar levels in an effort to ensure a continual reservoir of well-trained and highly motivated people (Richard & Lyman 1983:2). An understanding of the topic of motivation is thus essential in order to comprehend more fully the effects of variations in other factors (such as leadership style, job redesign and salary system) as they relate to performance, satisfaction, turnover and so forth (ibid).

Employee motivation and turnover have significant relationship. The research, made by Marvin et al (1973 cited in Paul & Charles, 1981 :223) on employee motivation as a factor in turnover had subjects of 1000 college graduates who currently were, or had previously been, employed in a specific company. The research was premised on Vroom's hypothesis that people will be disposed to stay in an organization when they believe that their efforts will get them what they most want. The study focused primarily on reasons why employees leave. Among their findings were that most employees remain in an organization (1) largely because of inertia but also (2) owing to financial needs or (3) because of some factors that has little or nothing to do with the employing organization. (For example, they may like the locality, or their neighbours, or the schools.) These researchers developed four motivational "profiles," each of which was found to be a factor in decisions to stay or leave:

- **"Turn-overs"** are dissatisfied at work and relatively free from external pressures. They are likely to seize the first opportunity to quit.
- **"Turn-offs"** stay with an organization— physically— being kept there by "maintenance factors" although mentally retired.
- **"Turn-ons"** are highly motivated individual, whose felt needs are being met at work. They are unlikely to leave unless some external pressure becomes acute,

or unless a manager significantly reduces the satisfactions they can derive from work.

- **“Turn-ons plus”** are persons who experience a high degree of satisfaction both at work and in the local environment. They are the most likely to stay and to remain highly productive.

In applying these motivational profiles to employees at different organizational levels, the authors found significant degrees of difference and similarity among (1) college graduates (likely to stay owing to satisfaction of high-level needs and job commitment); (2) low skilled, manufacturing employees (influenced primarily by “maintenance” or environmental factors).

These studies, and others, provide considerable insight into possible ways of reducing excessive turnover while developing a productive work force.

## **2.9. Managing Turnover**

Organizations can manage turnover or be managed by it. More companies are developing human resources plans that enable them to take control of the turnover process. Many, however, fail to monitor the business costs of turnover adequately (Philip & Lloyd 1989: 98).

Start by putting turnover numbers into perspective. Too often managers look at quantity rather than quality when they review the turnover situation by focusing on how many employees are leaving. Although numbers are significant which employees are leaving must be monitored as well.

Many companies track only basic turnover percentages. This generally is measured by dividing the total number of employees lost in a period (month or quarter) by the average number of employees during that period. When turnover exceeds a pre-established limit, management investigates the situation. When the percentage is low, management assumes all is well (ibid).

Ironically, low turnover (often associated with good management and organizational health) may be worse than high turnover if top performers are not being retained. The loss of a few key performers more costly than the termination of many less-productive

employees' contributions. Conventional turnover measures, however, fail to inform top management of the damage until it is too late (ibid).

To solve this problem scholars develop Total Loss Impact (TLI) and Hurt Factor ratios. The analysis was developed to provide managers with a short hand indicator of the qualitative dimension of turnover. It is a statistic that provides a weighted score for measuring the economic consequences of turnover to the business. It is possible for the hurt factor to be high when turnover is low. By the same token, an organization may encounter high turnover with a relatively low hurt factor.

A manager using this device knows at a glance whether the human resources plan is being met. It also gives a clear idea of the economic cost of turnover.

According to Phillip and Lioyd (1989:100-101) there are five steps for calculating the hurt factor are:

1. ***Rank employees based on their value to the organization.*** The ranking should be along the appropriate organizational dimension. Managers in training, for example, would be ranked on different criteria than active sales people.
2. ***Divide the ranking report into quartiles.***
3. ***Develop hurt factors for each quartile.*** One possible way to do this is to assign the upper 25 per cent four points, the upper-middle 25 per cent three points, the lower-middle 25 per cent two points and the lower 25 per cent one point.
4. ***Develop a key-person hurt factor.*** For example, senior sales, management and technical personnel may receive an extra point.
5. ***Calculate the Total Loss Impact (TLI) for the company and for each business unit.*** Do this in the same way as simple turnover percentage, except that employees in the top performance quartile are counted four times as heavily as employees in the bottom quartile.

### **2.9.1. Points Reflect Employee Worth**

Actual hurt-factor values used in calculating TLI vary between organizations. In all cases, assigned points should reflect the company's economic realities. If no employee is four times as valuable as another, hurt-factor points can be reduced to three or even two for the top quartile. Fractional points also are an option (ibid: 101).

A ranking report usually is the best method of assigning points, but there are alternatives. In some cases, managers may prefer not to use a ranking report as the basis for the calculation of TLI.

Many companies that successfully execute human resources plans discover they have many outstanding employees. Managers see little difference between the economic value of the first, second and third quartiles. For example, a small, high-tech company has 100 employees. If these employees all are highly trained and have significant project-specific knowledge, turnover in the top three quartile could be equally hurtful. In that case, it would be better to use a non-ranking system in which extra points are assigned to an employee who, for example, has had project involvement for a certain period of time. Another option is to assign equal points to the top three quartiles (ibid: 101).

Which ever method is used, it is important to remember that the hurt factor is a general statistic. There is little point in trying to generate unique hurt-factor score for every job in a company (i.e. associate programmer-1, programmer-2, programmer/analyst-3 and so on). This leads to false precision, which in turn leads to unrealistic expectations for the statistic and its use.

This concept is a barometer of future organizational health and a measure that forces managers to think in terms of retaining the right personnel. When such data are shared among managers, they provide the necessary starting point for the human resource plan, thus allowing the organization to reach its strategic objectives. Turnover often is discussed subjectively and its real impact rarely is calculated. Knowing an organization's TLI is important because it provides an objective turnover measure (ibid: 101).

### **2.9.2. Ways to Reduce Excessive Employee Turnover**

Progress toward this goal naturally depends on appropriate action to correct current causes of voluntary termination by desirable employees. Paul and Charles (1981: 224-226) explained responsibility for such action extends from top organizational levels to all other employees. These responsibilities are:-

## **1. Responsibility of Executives**

Executive who wish to manage by shared objectives readily accept responsibility for the following:

Formulating and communicating constructive policies and effective procedures: - These actions should be taken in such areas personnel and labor relations, at all stages in the employment process. Examples are recruiting (to avoid overselling) and selection, placement, training, induction, promotion, from within (including open job bidding), restructuring jobs (to encourage ambitious employees to seek promotion by their own efforts), constructive discipline, salary and wage administration, as well as health and safety.

A nationwide survey of personnel administrators in the United State (Bureau of National Affairs 1974 cited in Paul & Charles 1981: 224) showed that programs successfully used to reduce labor turnover included better selection and placement, new employee orientation, supervisory training and communication, exit interviews, detailed analyses of turnover, and incentive awards for employees who stayed 3 months and for the supervisors whose departments had the biggest reduction in turnover every 3 months. Better wage and salary administration was not mentioned in the survey, but perceived inequities and low wages and salaries relative to those in other organizations may well lead to quits.

### **i. Planning**

Executives and top staff personnel would be involved in such matters as (1) building or relocating an office or laboratory (to select location that is environmentally attractive for executives because of accessibility, unpolluted air, good schools, and good housing) and (2) restructuring jobs to provide greater scope for high potential personnel.

Other kinds of planning, in which executives may wish to participate with staff experts concern selection and rewards. Studies by the Behavioural Research Service in the General Electric Company (Glenn 1967 cited in Paul & Charles 1981: 225) showed that (1) employees who were dissatisfied with their salaries were twice as likely to leave as those who were satisfied with their pay; and (2) engineers who left the company were more aggressive, independent, active, and creative than those who remained.

## **ii. Programs**

Examples of programs include those for employee and supervisory development. Riessman (1968 cited in Paul & Charles 1981:225-226) noted that appropriate rewards should be offered to supervisors who learn from such programs how to develop their own potential and that of their subordinates to serve the organization productively.

Specific goals of supervisory development program (geared to plan for reducing excessive employee turnover) may well include sharpening the supervisors' awareness of personnel difficulties that will or may arise (for example, by encouraging first-level supervisors to compare notes, in formal courses and also informally). We would alert these first-level managers to the advantage of spotting personnel difficulties at an early stage, when preventive action is still possible.

In working out such policies, procedures, plans and programs, a major goal is to attract and retain "turn-on-plus" (persons who are experienced a high degree of satisfaction both at work and in the local environment) individuals. In aiming toward this goal, an essential element is effective performance by first-level supervisors.

## **2. Responsibility of First-Level Managers**

For maximum success in reducing undesirable rates of turnover and internal mobility, it is necessary that first-level managers be:

i) Informed and Knowledgeable, not only on technical and administrative aspects of their position, but also on top-management attitudes; organization wide policies; procedures that affect their subordinates; theories of interpersonal communication, motivation and constructive discipline; and provisions in the current labor agreement, if there is one. They also need to know where they can promptly get any additional information they need.

ii) Skilful in applying constructive discipline, effective in interpersonal communication, and capable in identifying individual patterns of motivation among their subordinates. Unless every first-level manager knows each subordinate as an individual, the concept of individualized management can be no more than laudable aspirations.

iii) Mature in handling difficulties and people and perceptive in responding to the needs of work associates (colleagues and subordinates). At all times, a mature and perceptive manager tries to develop a climate in which junior work associates can feel psychologically safe-free to say what they feel needs to be said (at an appropriate time) without fear of resentment or punitive action.

In general, the aim is to retain employees who want to remain and who might become increasingly productive members of the organization. First-level managers can play a key role in creating conditions that encourage the “turn-on plus” attitude that is conducive to maximum productivity and high morale.

The variety of costs, causes, and possible remedies for an excessively high rate of turnover for internal mobility clearly shows the need for managers- at all organizational levels to take a systematic approach to the whole complex of employee movement into, out of, and within the organization.

This chapter has discussed types of turnover, causes of turnover, consequences and costs that are emanated from excessive turnover and responsibility of concerned bodies to reduce turnover. Before winding up, the researcher would like to put the cream of the cake discussed in this section by schematic diagrams. Figure 1 in the next page shows that improperly managed factors could lead or facilitate to employees turnover and then to organizational failure. However, those companies who properly managed the listed factors will get organizational success (the detail is presented in figure 2).

Figure 1. Summarises the theoretical frame work of the study in schematic diagram

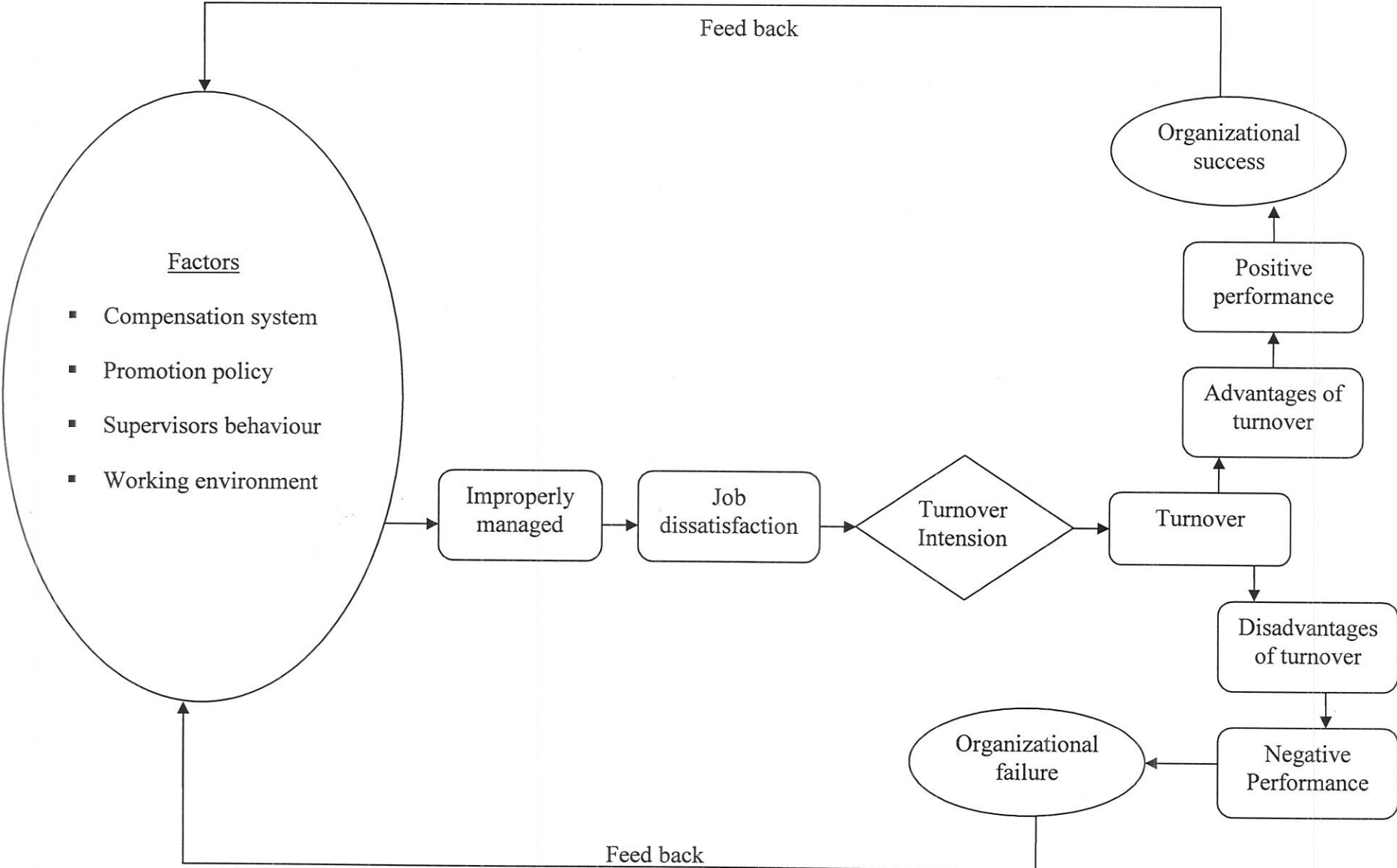
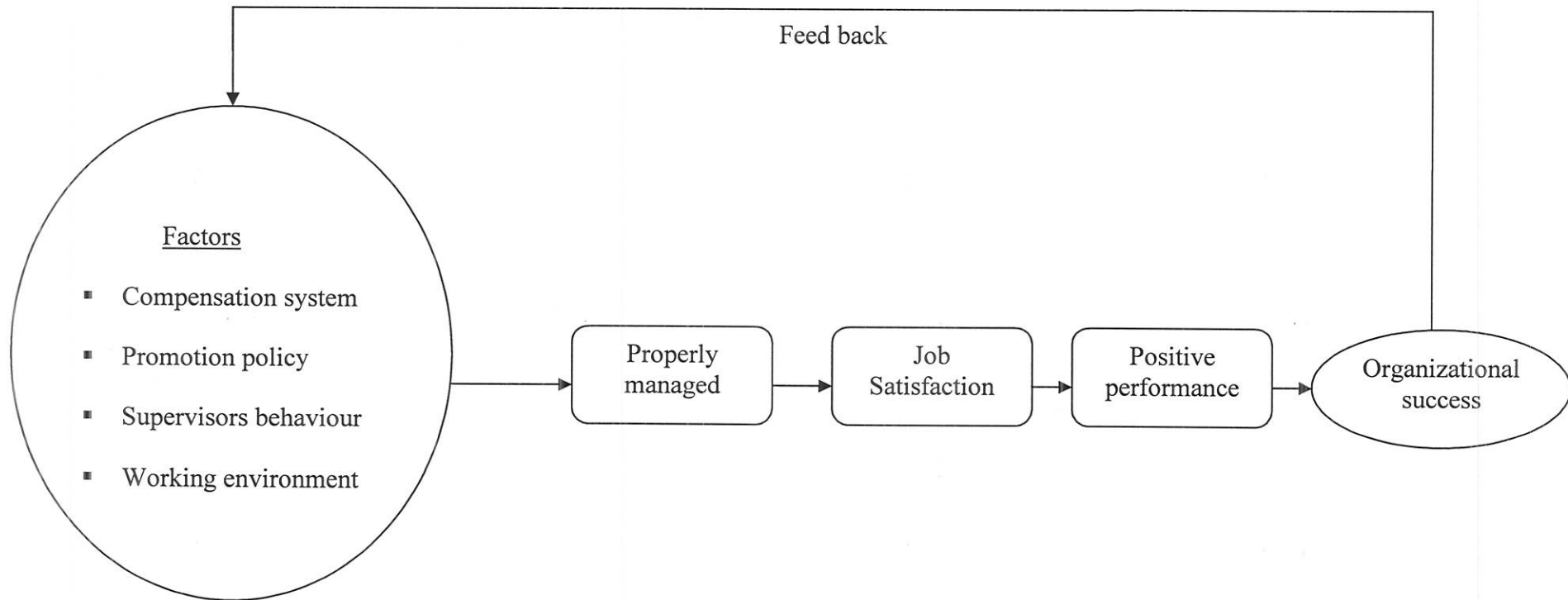


Figure 2. Shows how properly managed factors could lead to organizational success



## 2.10. Conclusion

Generally, this chapter assesses and explores various analytical and conceptual frameworks that are suitable for the study.

Employee turnover defined by Macy and Mirivs (1983:56) as any permanent departure beyond organizational boundaries. However, John and William (1989: 873) defined as a net effect of the leavers and the comers.

Employee turnover may be the result of only one factor or it may be affected by various causes that have positive or negative, direct or indirect ...etc. impacts. For instance it is negatively related to age, seniority (tenure), skill, job prestige, earnings and chances of promotion (Kerr, 1947; Smith and Kerr, 1953 cited in Robert and Hiroshi 1977:58). Other determinants, which may be a result of status in the organization, are job satisfaction, job challenge, job achievement and cohesiveness with fellow employees. These are, again, negatively related with turnover (ibid).

Turnover rates can readily be computed for accessions and for separations. And one way to measure the acceptability of a current rate is to compare it within the organization, with figure for rates in similar organizations and in the industry at large. But, sometimes statistics would not provide complete picture. So once excessive employees' turnover is perceived as a problem of an organization, it is mandatory to take corrective measures. Progress towards this goal naturally depends on appropriate action to correct current causes of voluntary termination by desirable employees. Paul and Charles (1981:224-226) explained in detail responsibilities of executives and first line managers to reducing excessive employees turnover.

The other issue discussed in this chapter was the positive consequences of employees' turnover. Labor turnover can promote organizational health by bringing new blood as well as providing and expanding organizations with additional human resource which they need. It also has stabilizing effects in the organization. Paul and Charles (1960:307-308) said "employees who leave for reason of age or health are replaced by younger or stronger employees." Moreover he also argued that "internal mobility may build teamwork when transfers make possible a better adjustment among worker's needs and thus resolves inner conflict. Just like others, Idalene and Dan (1982:71) also listed positive consequences of employee turnover such as displacement of poor performers, infusion of new knowledge and so on.

Even though, employee turnover has some positive impact, it has more serious negative consequences that an organization might face. According to Paul and Charles (1981: 219-221) employee turnover has costs such as separation, replacement and other costs that are difficult to measure such as worrying among employees ( Will I be next?, Should I quit as soon as I can find another job?"). Additionally, Barry (1980: 257) explained that, the cost of recruitment, selection and training are salient to the organization and are often quantified for the replacement of lower level personnel. For the turnover of higher officials attention is generally focused upon possible disruption and demoralization effects. Besides these, loss of production, costs of overtime work required from regular workers in order to maintain the required level of production, breakage and wastage of materials in the learning process are some of the costs and negative consequences which are listed by Paul and Charles (1969: 309-310). On the contrary, positive consequences like infusion of knowledge through replacement (Idalene & Dan, 1982:71) depend definitely on the ability, skill and knowledge of the successor.

To conclude, all the previously discussed issues and theories of this chapter are relevant to this study. Because one can readily asses or examine the major causes of employees turnover in insurance industry, how insurance companies calculate their turnover rate, what should be done to reduce excessive turnover so and so forth using the theoretical frame work of this chapter. Moreover, it will also help us to compare what the theory has said and the practical situation of the insurance industry.

## **Chapter Three**

### **Data Discussion on Employee Turnover of Private and Government Insurance Companies of Ethiopia**

#### **3.1 Introduction**

This chapter interprets and discusses primary and secondary data collected from selected private insurance companies, namely, Nile, Nyala and United and the government insurance company, EIC, by examining several aspects of employee turnover.

The primary data discussion of this chapter emphasizes job satisfaction behaviour of existing and ex-employees of private and government insurance companies. Moreover, it also discusses causes for quitting and actual turnover behaviour in the insurance industry of Ethiopia. Lastly, the secondary data discussion focuses on the comparison of employee turnover rates, Total Loss Impact Ratios and Hurt Factor Ratios among Nile, Nyala and Ethiopian Insurance Corporation.

#### **3.2. Current Employees**

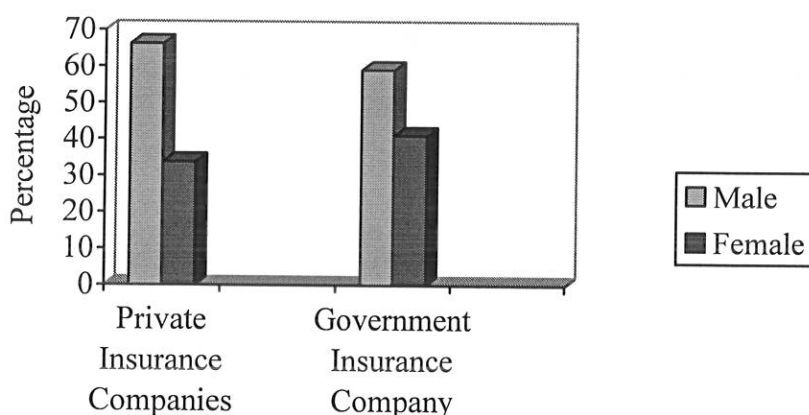
##### **3.2.1. Demographic Factors**

This section presents demographic factors such as gender, age, marital status and educational background of existing employees of the four insurance companies.

###### **3.2.1.1. Gender**

From the collected questionnaires, 47 (66.2 per cent) of the private and 49 (59 per cent) of the government current employees are males, while 24 (33.8 per cent) of the private and 34 (41 per cent) of the government insurance companies' employees are females. The following bar chart shows gender distribution of the private and government insurance companies.

Bar chart 3.1 Gender distribution existing employees



Source: Own survey

### 3.2.1.2. Age

Regarding the age of current employees, as we can see from table 3.2 below, 20 (28.2 per cent) of the private insurance current employees are less than 25 years old, while the corresponding figure amongst the government insurance company is only 5 (6 per cent).

Table 3.2 shows age of current employees

Type of ownership	Age	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Private insurance companies	Valid- < 25	20	28.2	28.2	28.2
	25 – 35	42	59.2	59.2	87.3
	36 – 45	8	11.3	11.3	98.6
	> 45	1	1.4	1.4	100.0
	Total	71	100.0	100.0	-
Government insurance company	Valid- < 25	5	6	6	6.0
	25 – 35	47	56.6	56.6	62.7
	36 – 45	20	24.1	24.1	86.7
	> 45	11	13.3	13.3	100.0
	Total	83	100.0	100.0	-

Source: Own survey

As the table above shows, of the respondents, 62 (87.3 per cent) of the private and 52 (62.7 per cent) of the government insurance companies' current employees fall in the first two, i.e. <25 years and 25 – 35 years, age intervals. Private and government current employees who are above 45 years of age, cover only 1 (1.4 per cent) and 11 (13.3 per cent) respectively.

### 3.2.1.3. Marital Status

The table below shows that 57 (80.3 per cent) of the private and 48 (57.8 per cent) employees of the government insurance companies who filled and returned the questionnaires are single. Conversely, 14 (19.7 per cent) and 32 (38.6 per cent) are married employees of the private and government insurance companies respectively. The detail is presented as follows:

Table 3.3 shows marital status of current employees

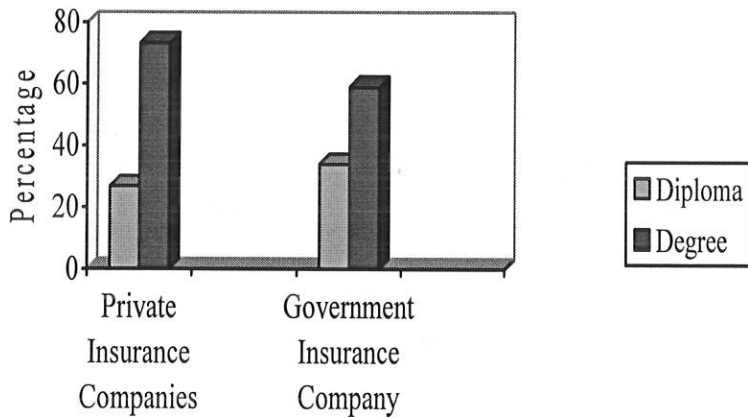
Types of ownership	Marital Status	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Private insurance companies. (Nyala, Nile & United)	Valid- Single	57	80.3	80.3	80.3
	Married	14	19.7	19.7	100.0
	<b>Sub Total</b>	<b>71</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Government Insurance (EIC)	Valid – Single	48	57.8	57.8	57.8
	Married	32	38.6	38.6	96.4
	Divorced	1	1.2	1.2	97.6
	Widowed	1	1.2	1.2	98.8
	Separated	1	1.2	1.2	100.0
	<b>Sub Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
<b>Total Respondents</b>		<b>154</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Own survey

### 3.2.1.4. Educational Background

With regard to educational status of the existing employees, 19 (26.8 per cent) of the private and 34 (41 per cent) of the government respondents are diploma holders, whereas, 52 (73.2 per cent) and 49 (59 per cent) of the private and government insurance companies; employees respectively are degree holders. The detail is shown in Bar chart 3.4.

Bar chart 3.4 Educational background



Source: Own survey

### 3.2.2. Job Satisfaction

This section summarizes questions that are related to the selected parameters of job satisfaction: compensation system, promotion policy, working environment and supervisors' behaviour.

#### 3.2.2.1. Compensation System

##### 3.2.2.1.1. Pay

As we can observe from table 3.5, 2 (8.3 per cent) of Nile, 2 (8.0 per cent) of Nyala, 3 (13.6 per cent) of United and 41 (49.4 per cent) of EIC current employees responded that their salaries are adequate in relation to the tasks they are expected to accomplish. The majority, 22 (91.7 per cent) of Nile, 19 (86.4 per cent) of United, 23 (92 per cent) of Nyala and 42 (50.6 per cent) of EIC employees believed that their salaries are not adequate.

Table 3.5 Is your salary adequate in relation to the task you are expected to accomplish?

Name of company	Response	Frequency	Percent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Yes	2	8.3	8.3	8.3
	No	22	91.7	91.7	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Yes	2	8.0	8.0	8.0
	No	23	92.0	92.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Yes	3	13.6	13.6	13.6
	No	19	86.4	86.4	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Yes	41	49.4	49.4	49.4
	No	42	50.6	50.6	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

Table 3.6 shows the relationship between salary and intention to leave/stay.

Name of Company	Response	Do you want to stay in this company?		Total	
		Yes	No		
Nile Insurance S.C	Is your salary adequate in relation to the task you are expected to accomplish?	Yes (count)	0	2	2
		%	0%	100%	100%
		No (count)	3	19	22
		%	13.6%	86.4%	100%
		count	3	21	24
	Sub total	%	12.5%	87.5%	100%
Nyala Insurance S.C	Is your salary adequate in relation to the task you are expected to accomplish?	Yes (count)	1	1	2
		%	50%	50%	100%
		No (count)	10	13	23
		%	43.5%	56.5%	100%
		count	11	14	25
	Sub total	%	44.0%	56.0%	100%
United Insurance S.C	Is your salary adequate in relation to the task you are expected to accomplish?	Yes (count)	1	2	3
		%	33.3%	66.7%	100%
		No (count)	4	15	19
		%	21.1%	78.9%	100%
		count	5	17	22
	Sub total	%	22.7%	77.3%	100%
Ethiopian Insurance Corporation	Is your salary adequate in relation to the task you are expected to accomplish?	Yes (count)	30	11	41
		%	73.2%	26.8	100%
		No (count)	11	31	42
		%	26.2%	73.8%	100%
		count	41	42	83
	Sub total	%	49.4%	50.6%	100%

Source: Own survey

The above cross tabulation table reveals that, of the private insurance respondents 0 from Nile, 1 (50 per cent) from Nyala and 1 (33.3 per cent) from United, who believed that their salary is adequate, have no intention to leave the company. By the same token, from the government respondents, 30 (73.2 per cent) who believed their salary is adequate, have no intention to leave the company. In contrast, from the private insurance companies' respondents who thought their salary is adequate in relation to the task they are expected to accomplish, 2 (100 per cent) from Nile, 1 (50

per cent) from Nyala and 2 (66.7 per cent) from United intend to leave their companies. Like the private, 11 (26.8 per cent) EIC respondents who thought their salary is adequate, intend to leave the company.

Correspondingly 3 (13.6 per cent) of Nile, 10 (43.5 per cent) of Nyala and 4 (21.1 per cent) of United insurance companies' respondents who claimed that their salary is inadequate, intend to stay in their respective companies. In addition, 11 (26.2 per cent) of EIC current employees responded similarly. However, 19 (86.4 per cent) of Nile, 13 (56.5 per cent) of Nyala, 15 (78.9 per cent) of United and 31 (73.8 per cent) of EIC current employees who believed that their salary is not adequate in relation to the task they are expected to accomplish intend to leave their respective companies.

### 3.2.2.1.2. Fringe and Other Benefits

#### I. Education opportunity

Table 3.7 Shows responses for the question "How do you rate education opportunity of your company?"

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Very poor	2	8.3	8.3	8.3
	Poor	1	4.2	4.2	12.5
	Fair	4	16.7	16.7	29.2
	Good	12	50.0	50.0	79.2
	Very good	5	20.8	20.8	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very poor	4	16.0	16.0	16.0
	Poor	4	16.0	16.0	32.0
	Fair	2	8.0	8.0	40.0
	Good	11	44.0	44.0	84.0
	Very good	4	16.0	16.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Very poor	15	68.2	68.2	68.2
	Poor	5	22.7	22.7	90.9
	Fair	1	4.5	4.5	95.5
	Good	1	4.5	4.5	100.0
	Very good	-	-	-	-
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very poor	1	1.2	1.2	1.2
	Poor	10	12.0	12.0	13.3
	Fair	20	24.1	24.1	37.3
	Good	30	36.1	36.1	73.5
	Very good	22	26.5	26.5	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

As the table 3.7 demonstrates, 3 (12.5 per cent) of Nile, 8 (32 per cent) of Nyala, 20 (90.9 per cent) of United and 11 (13.3 per cent) of EIC current employees replied their companies' education policy was poor and very poor.

## II. Training opportunity

The table below shows that only 7 (29.2 per cent) of Nile and 6 (27.2 per cent) of United employees replied their company's training opportunity is above average. Whereas, 19 (76 per cent) of Nyala and 62 (74.6 per cent) of EIC responded in this manner.

Table 3.8 shows response to the question "How do you rate your company's training opportunity?"

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Very poor	5	20.8	20.8	20.8
	Poor	8	33.3	33.3	54.2
	Fair	4	16.7	16.7	70.8
	Good	7	29.2	29.2	100.0
	Very good	-	-	-	-
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Nyala Insurance S.C	Valid – Very poor	2	8.0	8.0	8.0
	Poor	1	4.0	4.0	12.0
	Fair	3	12.0	12.0	24.0
	Good	11	44.0	44.0	68.0
	Very good	8	32.0	32.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
United Insurance S.C	Valid – Very poor	3	13.6	13.6	13.6
	Poor	7	31.6	31.6	45.5
	Fair	6	27.3	27.3	72.7
	Good	5	22.7	22.7	95.5
	Very good	1	4.5	4.5	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Ethiopian Insurance Corporation	Valid – Very poor	-	-	-	-
	Poor	2	2.4	2.4	2.4
	Fair	19	22.9	22.9	25.3
	Good	31	37.3	37.3	62.7
	Very good	31	37.3	37.3	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

Source: Own survey

### III. Insurance coverage

As table 3.9 below shows, 24 (100 per cent) of Nile, 17 (68 per cent) of Nyala, 6 (27.3 per cent) of United and 60 (72.3 per cent) of EIC responded their companies' insurance coverage is above satisfactory (good and very good).

Table 3.9 shows response for the question "How do you rate insurance benefit of your company to its employees?"

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Good	11	45.8	45.8	45.8
	Very good	13	54.2	54.2	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very poor	1	4.0	4.0	4.0
	Poor	1	4.0	4.0	8.0
	Fair	6	24.0	24.0	32.0
	Good	9	36.0	36.0	68.0
	Very good	8	32.0	32.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Very poor	2	9.1	9.1	9.1
	Poor	8	36.4	36.4	45.5
	Fair	6	27.3	27.3	72.7
	Good	4	18.2	18.2	90.9
	Very good	2	9.1	9.1	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Poor	7	8.4	8.4	8.4
	Fair	16	19.3	19.3	27.7
	Good	27	32.5	32.5	60.2
	Very good	33	39.8	39.8	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

### IV. Medical benefit

Table 3.10 reveals that those employees classifying medical benefits as below average number 1 (4.2 per cent) from Nile, 2 (8 per cent) from Nyala, 8 (36.4 per cent) from United and 1 (1.2 per cent) from EIC. The detail is presented in the table 3.10 in the next page.

Table 3.10 Shows response for the question “How do you rate medical benefit of your company to its employees?”

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Very Poor	1	4.2	4.2	4.2
	Fair	1	4.2	4.2	8.4
	Good	11	45.8	45.8	54.2
	Very good	11	45.8	45.8	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Nyala Insurance S.C	Valid – Very poor	1	4.0	4.0	4.0
	Poor	1	4.0	4.0	8.0
	Fair	4	16.0	16.0	24.0
	Good	14	56.0	56.0	80.0
	Very good	5	20.0	20.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
United Insurance S.C.	Valid – Very poor	1	4.5	4.5	4.5
	Poor	7	31.8	31.8	36.4
	Fair	6	27.3	27.3	63.6
	Good	6	27.3	27.3	90.9
	Very good	2	9.1	9.1	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Ethiopian Insurance Corporation	Poor	1	1.2	1.2	1.2
	Fair	8	9.6	9.6	10.8
	Good	28	33.7	33.7	44.6
	Very good	46	55.4	55.4	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

Source: Own survey

## V. Bonus

As the table 3.11 reveals, employees who classified their bonus scheme as good, number 6 (25 per cent) from Nile, 6 (24 per cent) from Nyala, 1 (4.5 per cent) from United and 31 (37.3 per cent) from EIC. Whereas, 6 ( 25 per cent) of Nile, 8 (32 per cent ) of Nyala, 14 (63.6 per cent) of United and 21 (25.3 per cent) of EIC current employees classified as below average (poor and very poor).

Table 3.11 shows response for the question “How do you rate bonus distribution scheme of your company to its employees?”

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Very poor	2	8.3	8.3	8.3
	Poor	4	16.7	16.7	25.0
	Fair	12	50.0	50.0	75.0
	Good	6	25.0	25.0	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very poor	3	12.0	12.0	12.0
	Poor	5	20.0	20.0	32.0
	Fair	11	44.0	44.0	76.0
	Good	6	24.0	24.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Very poor	4	18.2	18.2	18.2
	Poor	10	45.5	45.5	63.6
	Fair	7	31.8	31.8	95.5
	Good	1	4.5	4.5	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very poor	2	2.4	2.4	2.4
	Poor	19	22.9	22.9	25.3
	Fair	31	37.3	37.3	62.7
	Good	31	37.3	37.3	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

## VI. Transportation Service/Allowance

Table 3.12 shows response for the question “How do you rate transportation allowance of your company to its employees?”

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Very poor	6	25.0	25.0	25.0
	Poor	9	37.5	37.5	62.5
	Fair	5	20.8	20.8	83.3
	Good	4	16.7	16.7	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very poor	2	8.0	8.0	8.0
	Poor	6	24.0	24.0	32.4
	Fair	7	28.0	28.0	68.2
	Good	8	32.0	32.0	86.4
	Very good	2	8.0	8.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Very poor	6	27.3	27.3	27.3
	Poor	2	9.1	9.1	36.4
	Fair	7	31.8	31.8	68.2
	Good	4	18.2	18.2	86.4
	Very good	3	13.6	13.6	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very poor	69	83.1	83.1	83.1
	Poor	13	15.7	15.7	98.8
	Good	1	1.2	1.2	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

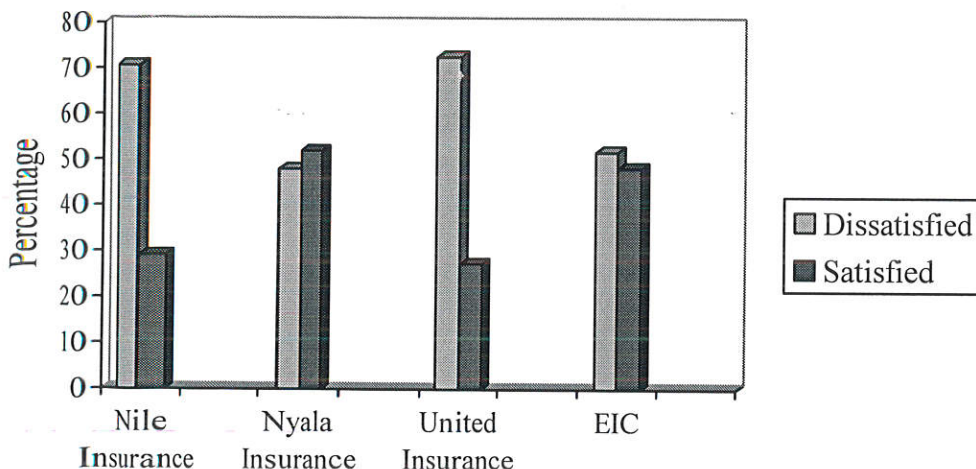
Source: Own survey

It is shown in table 3.12 that current employees of Nile and EIC are more dissatisfied with the transportation allowance than Nyala and United. Statistically, 15 (62.5 per cent) of Nile, 8 (32.4 per cent) of Nyala, 8 (36.4 per cent) of United and 82 (98.8 per cent) of EIC employees who filled and returned the questionnaire of current employees give below average ratings.

### 3.2.2.2. Promotion Policy

On the promotion policy section of this study, the data reveal that 17 (70.8 per cent) of Nile, 18 (48 per cent) of Nyala, 16 (72.7 per cent) of United and 43 (51.8 per cent) of EIC employees who filled and returned the questionnaire replied that they are not satisfied with their current position.

Bar chart 3.13 shows satisfaction in current positions

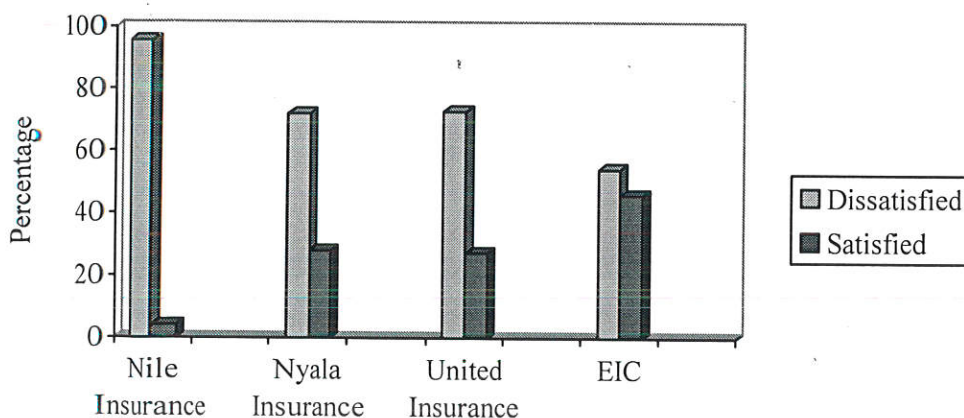


Source: Own survey

As the above bar chart shows, 7 (29.2 per cent) of Nile, 13 (52 per cent) of Nyala, 6 (27.3 per cent) of United and 40 (48.2 per cent) of EIC current employees replied that they are satisfied with their position.

Like the positions, 23 (95.8 per cent) of Nile, 18 (72 per cent) of Nyala, 16 (72.7 per cent) of United and 45 (54.2 per cent) of EIC employees who returned the questionnaire are not satisfied with the promotion policy of their companies. However, only 1 (4.2 per cent) of Nile, 7 (28 per cent) of Nyala, 6 (27.3 per cent) of United and 38 (45.8 per cent) of EIC employees are satisfied with their promotion policy.

Bar chart 3.14 Satisfaction in promotion policy



Source: Own survey

As the statistics in the following table show, not only the private but also the government insurance employees believed that if they have a good connection with higher officials it is possible to get promotions. In other words, some employees are loyal to individuals not to the organization's mission and objectives. Statistically, 11 (45.9 per cent) of Nile, 8 (32 per cent) of Nyala, 8 (36.3 per cent) of United and 37 (44.6 per cent) of EIC existing employees' believe that there is nepotism in their respective companies. On the other hand, 9 (37.5 per cent) of Nile, 10 (40 per cent) of Nyala, 8 (36.4 per cent) of United and 24 (28.9 per cent) of EIC have no idea what is going on.

Table 3.15 It is possible to get promotion if you have good connection/relation with higher officials of the company.

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Strongly disagree	2	8.3	8.3	8.3
	Disagree	2	8.3	8.3	16.7
	Neutral	9	37.5	37.5	54.2
	Agree	7	29.2	29.2	83.3
	Strongly Agree	4	16.7	16.7	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Strongly disagree	3	12.0	12.0	12.0
	Disagree	4	16.0	16.0	28.0
	Neutral	10	40.0	40.0	68.0
	Agree	3	12.0	12.0	80.0
	Strongly Agree	5	20.0	20.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Strongly disagree	1	4.5	4.5	4.5
	Disagree	5	22.7	22.7	27.3
	Neutral	8	36.4	36.4	63.6
	Agree	3	13.6	13.6	77.3
	Strongly Agree	5	22.7	22.7	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid –Strongly disagree	4	4.8	4.8	4.8
	Disagree	18	21.7	21.7	26.5
	Neutral	24	28.9	28.9	55.4
	Agree	24	28.9	28.9	84.3
	Strongly Agree	13	15.7	15.7	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

As the gathered data reveals, 1 (100 per cent) of Nile, 6 (85.7 per cent) of Nyala, 3 (50 per cent) of United and 26 (68.4 per cent) of EIC who are satisfied with their

companies' promotion policy, want to stay. However, 0 per cent of Nile, 1 (14.3 per cent) of Nyala, 3 (50 per cent) of United and 12 (31.6 per cent) of EIC who are satisfied with their companies' promotion policy intend to quit their jobs. Moreover, of the respondents who are not satisfied with their companies' promotion policy, 21 (91.3 per cent) of Nile, 13 (72.2 per cent) of Nyala, 14 (87.5 per cent) of United and 30 (66.7 per cent) of EIC employees intend to leave their companies. On the contrary, of the dissatisfied respondents, 2 (8.7 per cent) of Nile, 5 (27.8 per cent) of Nyala, 2 (12.5 per cent) of United and 15 (33.3 per cent) of EIC employees want to stay.

Table 3.16 Employees' satisfaction with their company's promotion policy and their intention to leave/stay.

Name of company			Do you want to stay in this company?		Total
			Yes	No	
Nile Insurance S.C	Are you satisfied with the company's promotion policy?	Yes (count)	1	0	1
		%	100%	0%	100%
		No (count)	2	21	23
		%	8.7%	91.3%	100%
	Count	3	21	24	
	Sub total	%	12.5%	87.5%	100%
Nyala Insurance S.C	Are you satisfied with the company's promotion policy?	Yes (count)	6	1	7
		%	85.7%	14.3%	100%
		No (count)	5	13	18
		%	27.8%	72.2%	
	Count	11	14	25	
	Sub total	%	44%	56%	100%
United Insurance S.C	Are you satisfied with the company's promotion policy?	Yes (count)	3	3	6
		%	50%	50%	100%
		No (count)	2	14	16
		%	12.5%	87.5%	100%
	Count	5	17	22	
	Sub total	%	22.7%	77%	100%
Ethiopian Insurance Corporation	Are you satisfied with the company's promotion policy?	Yes (count)	26	12	38
		%	68.4%	31.6%	100%
		No (count)	15	30	45
		%	33.3%	66.7%	100%
	Count	41	42	83	
	Sub total	%	49.4%	50.6%	100%

Source: Own survey

### 3.2.2.3. Working Environment

Both the private and government insurance companies' employees, except United rate their companies' working condition as conducive. To confirm this, the statistics show

that 18 (75 per cent) of Nile, 20 (80 per cent) of Nyala, 10 (45.5 per cent) of United and 70 (84.3 per cent) of EIC current employees believed that their companies' working environment is conducive (above average).

Table 3.18 shows responses to the question "How do you rate your department working environment?"

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Bad	1	4.2	4.2	4.2
	Indifferent	5	20.8	20.8	25.0
	Good	12	50.0	50.0	75.0
	Very good	6	25.0	25.0	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very Bad	1	4.0	4.0	4.0
	Indifferent	4	16.0	16.0	20.0
	Good	13	52.0	52.0	72.0
	Very good	7	28.0	28.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Bad	2	9.1	9.1	9.1
	Indifferent	10	45.5	45.5	54.5
	Good	6	27.3	27.3	81.8
	Very good	4	18.2	18.2	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very Bad	1	1.2	1.2	1.2
	Bad	3	3.6	3.6	4.8
	Indifferent	9	10.8	10.8	15.7
	Good	48	57.8	57.8	73.5
	Very good	22	26.5	26.5	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

However, of the respondents who filled and returned the questionnaire, 5 (20.8 per cent) of Nile, 4 (16 per cent) of Nyala, 10 (45.5 per cent) of United and 9 (10.8 per cent) of EIC replied that their company's working environment is neither good nor bad, whereas, the rest rated as bad and very bad.

Regarding the impact of conducive working environment on the intention to stay in the company, 9 (37.5 per cent) of Nile, 17 (68 per cent) of Nyala, 12 (54.5 per cent) of United and 36 (43.4 per cent) of EIC employees who filled and returned the questionnaire said that it has a positive impact on the decision to stay in their companies. Conversely, 10 (41.7 per cent) of Nile, 6 (24 per cent) of Nyala, 8 (36.3 per cent) of United and 34 (40.9 per cent) of EIC employees replied that it has no

impact on the intention to stay in their companies. The remaining employees are indifferent.

Table 3.19 working environment has no impact on you to stay in this company

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C.	Valid – Strongly disagree	6	25	25	25
	Disagree	3	12.5	12.5	37.5
	Neutral	5	20.8	20.8	58.3
	Agree	7	29.2	29.2	87.5
	Strongly Agree	3	12.5	12.5	100.0
	Total	24	100.0	100.0	-
Nyala Insurance S.C.	Valid – Strongly disagree	10	40.0	40.0	40.0
	Disagree	7	28.0	28.0	68.0
	Neutral	2	8.0	8.0	76.0
	Agree	4	16.0	16.0	92.0
	Strongly Agree	2	8.0	8.0	100.0
	Total	25	100.0	100.0	-
United Insurance S.C.	Valid – Strongly disagree	5	22.7	22.7	22.7
	Disagree	7	31.8	31.8	54.5
	Neutral	2	9.1	9.1	63.6
	Agree	7	31.8	31.8	95.5
	Strongly Agree	1	4.5	4.5	100.0
	Total	22	100.0	100.0	-
Ethiopian Insurance Corporation	Valid – Strongly disagree	11	13.3	13.3	13.3
	Disagree	25	30.1	30.1	43.4
	Neutral	13	15.7	15.7	59.0
	Agree	26	31.3	31.3	90.0
	Strongly Agree	8	9.6	9.6	100.0
	Total	83	100.0	100.0	-

Source: Own survey

### 3.2.2.4. Supervisors' Behaviour

This section tries to summarize the relationship of supervisor-subordinates and recognize the trend of the management and supervisors for best performers and related issues.

According to the data gathered from currently existing employees, 8 (33.3 per cent) of Nile, 6 (24 per cent) of Nyala, 8 (36.4 per cent) of United and 24 (28.9 per cent) of EIC rated their companies' supervisor-subordinate relationship as bossy and very bossy (please see table 3.20). However, 10 (41.7 per cent) of Nile, 12 (48 per cent) of Nyala, 14 (63.7 per cent) of United and 32 (38.5 per cent) of EIC rate as friendly.

Table 3.20 How do you rate your company's supervisor –subordinates relationship?

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C.	Valid – Very bossy	3	12.5	12.5	12.5
	Bossy	5	20.8	20.8	33.3
	Neither bossy nor friendly	6	25.0	25.0	58.3
	Friendly	9	37.5	37.5	95.8
	Very friendly	1	4.2	4.2	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C.	Valid – Very bossy	1	4.0	4.0	4.0
	Bossy	5	20.0	20.0	24.0
	Neither bossy nor friendly	7	28.0	28.0	52.0
	Friendly	12	48.0	48.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C.	Valid – Very bossy	3	13.6	13.6	13.6
	Bossy	5	22.7	22.7	36.4
	Friendly	6	27.3	27.3	63.6
	Very friendly	8	36.4	36.4	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very bossy	6	7.2	7.2	7.2
	Bossy	18	21.7	21.7	28.9
	Neither bossy nor friendly	27	32.5	32.5	61.4
	Friendly	28	33.7	33.7	95.2
	Very friendly	4	4.8	4.8	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

Table 3.21 shows supervisors' recognition for the best achievement of employees on the job.

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C.	Valid – Very low	6	25.0	25.0	25.0
	Low	6	25.0	25.0	50.0
	Moderate	7	29.2	29.2	79.2
	High	2	8.3	8.3	87.5
	Very high	3	12.5	12.5	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Nyala Insurance S.C.	Valid – Very low	6	24.0	24.0	24.0
	Low	7	28.0	28.0	52.0
	Moderate	5	20.0	20.0	72.0
	High	7	28.0	28.0	100.0
	Very high	-	-	-	-
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
United Insurance S.C.	Valid – Very low	10	45.5	45.5	45.5
	Low	6	27.3	27.3	72.7
	Moderate	2	9.1	9.1	81.8
	High	3	13.6	13.6	95.5
	Very high	1	4.5	4.5	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>
Ethiopian Insurance Corporation	Valid – Very low	11	13.3	13.3	13.3
	Low	19	22.9	22.9	36.1
	Moderate	33	39.8	39.8	75.9
	High	16	19.3	19.3	95.2
	Very high	4	4.8	4.8	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

Source: Own survey

Table 3.22 shows managements' recognition for the best achievement of employees on the job.

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C	Valid – Very low	4	16.7	16.7	16.7
	Low	6	25.0	25.0	41.7
	Moderate	8	33.3	33.3	75.0
	High	3	12.5	12.5	87.5
	Very high	3	12.5	12.5	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C	Valid – Very low	8	32.0	32.0	32.0
	Low	6	24.0	24.0	56.0
	Moderate	4	16.0	16.0	72.0
	High	6	24.0	24.0	96.0
	Very high	1	4.0	4.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C	Valid – Very low	7	31.8	31.8	31.8
	Low	5	22.7	22.7	54.5
	Moderate	6	27.3	27.3	81.8
	High	3	13.6	13.6	95.5
	Very high	1	4.5	4.5	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Very low	10	12.0	12.0	12.0
	Low	15	18.1	18.1	30.1
	Moderate	39	47.0	47.0	77.1
	High	13	15.7	15.7	92.8
	Very high	6	7.2	7.2	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

As shown in the above two tables (table 3.21 & table 3.22), 12 (50 per cent) and 10 (41.7 per cent) of Nile, 13 (52 per cent) and 14 (56 per cent) of Nyala, 16 (72.7 per cent) and 12 (54.5 per cent) of United and 30 (36.1 per cent) and 25 (30.1 per cent) of EIC employees who filled the questionnaire responded that recognition for best achievement on the job is below average (low and very low) both by the immediate supervisors and by the management respectively.

Keeping aside low attention given on the recognition both by the supervisors and the management, an important variable is gauged in the impact of supervisors on subordinates' intention to leave the company.

Table 3.23 Shows response to “Do supervisors have an impact on you for the intention to leave the company?”

Name of company	Response	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Nile Insurance S.C.	Valid – Yes	10	41.7	41.7	41.7
	No	14	58.3	58.3	100.0
	<b>Total</b>	<b>24</b>	<b>100.0</b>	<b>100.0</b>	-
Nyala Insurance S.C.	Valid – Yes	9	36	36	36
	No	16	64	64	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	-
United Insurance S.C.	Valid – Yes	13	59.1	59.1	59.1
	No	9	40.9	40.9	100.0
	<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	-
Ethiopian Insurance Corporation	Valid – Yes	29	34.9	34.9	34.9
	No	54	65.1	65.1	100.0
	<b>Total</b>	<b>83</b>	<b>100.0</b>	<b>100.0</b>	-

Source: Own survey

As the table above reveals, except United, more than half of the respondents in all of the three insurance companies replied there is no impact of supervisors on their decision to quit their job. Statistically, 14 (58.3 per cent) 16 (64 per cent), 9 (40.9 per cent) and 54 (65.1 per cent) of Nile, Nyala and EIC respondents replied there is no impact of supervisors on them.

However from those who filled the questionnaire 10 (41.7 per cent) of Nile, 9 (36 per cent) of Nyala, 13 (59.1 per cent) of United and 29 (34.9 per cent) of EIC employees replied that supervisors have an impact on their intention to leave the company.

### 3.2.3. Job Motivators

According to Herzberg, job motivators include achievement, recognition, the nature of work, responsibility, and advancement. Since all of the stated motivators could not equally satisfy an employee, this section assesses which factors satisfy private employees and/or government employees more?

#### 3.2.3.1. Recognition

As the table on the next page shows, 25 (39.1 per cent) of the private and 23 (34.3 per cent) of the government insurance employees who filled and returned the questionnaire ranked recognition as a source of job satisfaction (1<sup>st</sup> and 2<sup>nd</sup> rank).

Moreover, 20 (31.3 per cent) of the private and 29 (43.3 per cent) of the government insurance employees ranked it below average (4<sup>th</sup> and 5<sup>th</sup>). Like wise, 19 (29.7 per cent) and 15 (22.4 per cent) of the private and the government employees respectively ranked it as average.

Table 3.24 shows rank of job satisfaction resulted from recognition.

Employees category	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies employees	Valid- 1 <sup>st</sup> rank	7	9.9	10.9	10.9
	2 <sup>nd</sup> rank	18	25.4	28.1	39.1
	3 <sup>rd</sup> rank	19	26.8	29.7	68.8
	4 <sup>th</sup> rank	8	11.3	12.5	81.3
	5 <sup>th</sup> rank	12	16.9	18.8	100.0
	Total	64	90.1	100.0	-
	Missing system	7	9.9	-	-
	Total	71	100.0	-	-
Government insurance company ex-employees	Valid- 1 <sup>st</sup> rank	8	9.6	11.9	11.9
	2 <sup>nd</sup> rank	15	18.1	22.4	34.3
	3 <sup>rd</sup> rank	15	18.1	22.4	56.7
	4 <sup>th</sup> rank	18	21.7	26.9	83.6
	5 <sup>th</sup> rank	11	12.2	16.4	100.0
	Total	64	100	100.0	-
	Missing system	16	19.3	-	-
	Total	83	100.0	-	-

Source: Own survey

### 3.25 Achievement

The study reveals that 33 (51.6 per cent) of the private and 29 (43.3 per cent) of the government employees who filled and returned the questionnaires ranked achievement as a source of job satisfaction. By the same token, 17 (26.6 per cent) of the private and 22 (32.8 per cent) of the government employees ranked it as fourth and fifth. Those who ranked it third place number 14 (21.9 per cent) and 16 (23.9 per cent) from the private and government employees respectively.

Table 3.25 Shows rank of job satisfaction resulted from achievement

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	10	14.1	15.6	15.6
	2 <sup>nd</sup> rank	23	32.4	35.9	51.6
	3 <sup>rd</sup> rank	14	19.7	21.9	73.4
	4 <sup>th</sup> rank	11	15.5	17.2	90.6
	5 <sup>th</sup> rank	6	8.5	9.4	100.0
	Total	64	90.1	100.0	-
	Missing system	7	9.9	-	-
	Total	71	100.0	-	-
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	13	15.7	19.4	19.4
	2 <sup>nd</sup> rank	16	19.3	23.9	43.3
	3 <sup>rd</sup> rank	16	19.3	23.9	67.2
	4 <sup>th</sup> rank	13	15.7	19.4	86.6
	5 <sup>th</sup> rank	9	10.8	13.4	100.0
	Total	67	80.7	100.0	-
	Missing system	16	19.3	-	-
	Total	83	100.0	-	-

Source: Own survey

### 3.2.3.3. Responsibility

Of the respondents, 23 (35.9 per cent) of the private and 18 (43.3 per cent) of the government replied that job satisfaction is the result of responsibility, while those who ranked it fourth and fifth are 27 (42.8 per cent) from the private and 22 (32.8 per cent) from the government employees.

Table 3.26 Shows rank of job satisfaction resulted from responsibility

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	5	7.0	7.8	7.8
	2 <sup>nd</sup> rank	18	25.4	28.1	35.9
	3 <sup>rd</sup> rank	14	19.7	21.9	57.8
	4 <sup>th</sup> rank	21	29.6	32.8	90.6
	5 <sup>th</sup> rank	6	8.5	9.4	100.0
	Total	64	100.0	100.0	-
	Missing system	7	-	-	-
	Total	71	-	-	-
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	11	13.3	16.4	16.4
	2 <sup>nd</sup> rank	18	21.7	26.9	43.3
	3 <sup>rd</sup> rank	16	19.3	23.9	67.2
	4 <sup>th</sup> rank	15	18.1	22.4	89.6
	5 <sup>th</sup> rank	7	8.4	10.4	100.0
	Total	67	80.7	100.0	-
	Missing system	16	19.3	-	-
	Total	83	100.0	-	-

Source: Own survey

### 3.2.3.4. Nature of Work

Of the total responses, 42 (65.6 per cent) of the private and 37 (55.2 per cent) of the government current employees replied job satisfaction resulted from nature of work as first and second (above average). However, 18 (28.2 per cent) and 20 (29.9 per cent) of the private and the government employees ranked it below average respectively.

Table 3.27 Shows rank of job satisfaction resulted from nature of work

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	39	54.9	60.9	60.9
	2 <sup>nd</sup> rank	3	4.2	4.7	65.6
	3 <sup>rd</sup> rank	4	5.6	6.3	71.9
	4 <sup>th</sup> rank	4	5.6	6.3	78.1
	5 <sup>th</sup> rank	14	19.7	21.9	100.0
	Total	64	90.1	100.0	-
	Missing system	7	9.9	-	-
	Total	71	100.0	-	-
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	28	33.7	41.8	41.8
	2 <sup>nd</sup> rank	9	10.8	13.4	55.2
	3 <sup>rd</sup> rank	10	12.0	14.9	70.1
	4 <sup>th</sup> rank	5	6.0	7.5	77.6
	5 <sup>th</sup> rank	15	18.2	22.4	100.0
	Total	67	80.7	100.0	-
	Missing system	16	19.3	-	-
	Total	83	100.0	100.0	-

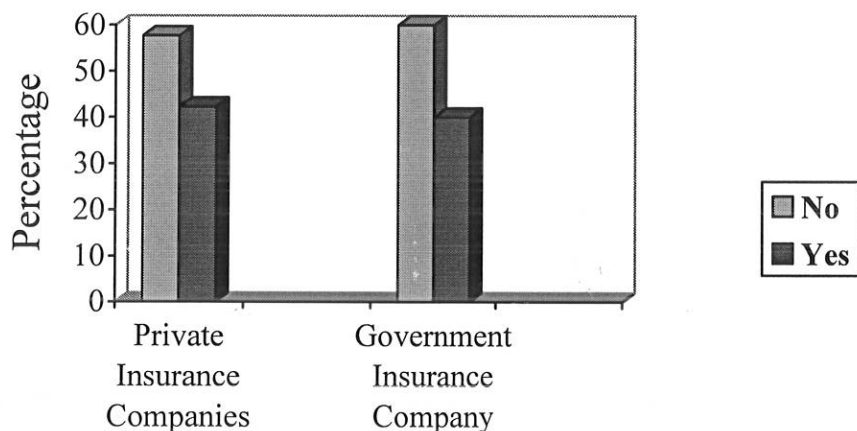
Source: Own survey

### 3.2.3.5. Advancement

Those respondents who replied job satisfaction is obtained from advancement above average (first and second) are, 6 (9.4 per cent) of the private and 17 (25.8 per cent) of the government current employees. Conversely, 45 (70.4 per cent) and 39 (59.1 per cent) of the private and the government existing employees respectively ranked it fourth and fifth. (For the detail please see table 3.28 in the annex B).

Since most of the employees stated that nature of job is the first motivator for job satisfaction, it is mandatory to measure the attitude of employees towards the insurance job.

Bar chart 3.29 shows response to the question "Is working in insurance company boring?"



Source: Own survey

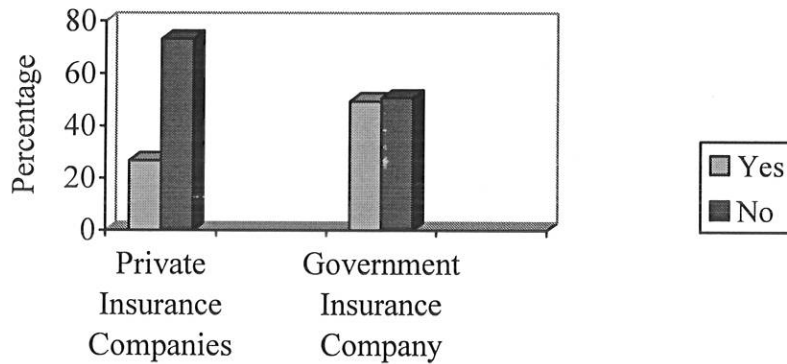
As the chart shows, 23 (57.7 per cent) and 9 (60 per cent) of the private and the government employees respectively replied working in insurance is not boring. The rest of the respondents replied it is boring.

#### 3.2.4. Causes for Intending to Quit

Even though different factors cause turnover, this study focuses on compensation system, promotion scheme, working conditions and supervisors' behaviour. It tests and summarises the most serious causes of turnover (the intention to quit) for the private and for the government insurance companies.

As the following bar chart shows, 30 (73.2 per cent) of the private and 8 (50.6 per cent) of the government existing employees have an intention to quit their job. In contrast, 7 (26.8 per cent) of the private and 7 (49.4 per cent) of the government existing employees intend to stay as they are.

Bar chart 3.30 shows responses to the question "Do you want to stay in this company?"



Source: Own survey

### 3.2.4.1. Compensation System

According to this study, the primary data reveals that 36 (53.7 per cent) of the private and 38 (52.1 per cent) of the government employees ranked low compensation system as a cause for intending to quit (above average). On the other hand, 21 (31.3 per cent) of the private and 24 (32.9 per cent) of the government current employees ranked it below average. The rest, 10 (14.9 per cent) and 11 (15.1 per cent) of the private and the government respondents ranked it as average respectively. The following table shows the detail.

Table 3.31 Compensation system as a cause for intending to quit

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	28	39.4	41.8	41.8
	2 <sup>nd</sup> rank	8	11.3	11.9	53.7
	3 <sup>rd</sup> rank	10	14.1	14.9	68.7
	4 <sup>th</sup> rank	14	19.7	20.9	89.6
	5 <sup>th</sup> rank	7	9.9	10.4	100.0
	Total	67	94.4	100.0	
	Missing system	4	5.6		
	Total	71	100.0		
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	25	30.1	34.2	34.2
	2 <sup>nd</sup> rank	13	15.7	17.8	52.1
	3 <sup>rd</sup> rank	11	13.3	15.1	67.1
	4 <sup>th</sup> rank	7	8.4	9.6	76.7
	5 <sup>th</sup> rank	17	20.5	23.3	100.0
	Total	73	88.0	100.0	
	Missing system	10	12.0		
	Total	83	100.0		

Source: Own survey

### 3.2.4.2. Promotion Policy

The collected data shows that those respondents who ranked promotion policy as their cause for intending to quit above average are 45 (61.6 per cent) of the government and 37 (55.2 per cent) of the private employees.

Table 3.32 Promotion policy as a cause for intending to quit

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	15	21.1	22.4	22.4
	2 <sup>nd</sup> rank	22	31.0	32.8	55.2
	3 <sup>rd</sup> rank	19	26.8	28.4	83.6
	4 <sup>th</sup> rank	9	12.7	13.4	97.0
	5 <sup>th</sup> rank	2	2.8	3.0	100.0
	Total	67	94.4	100.0	
	Missing system	4	5.6		
	Total	71	100.0		
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	22	26.5	30.1	30.1
	2 <sup>nd</sup> rank	23	27.7	31.5	61.6
	3 <sup>rd</sup> rank	15	18.1	20.5	82.2
	4 <sup>th</sup> rank	7	8.4	9.6	91.8
	5 <sup>th</sup> rank	6	7.2	8.2	100.0
	Total	73	88.0	100.0	
	Missing system	10	12.0		
	Total	83	100.0		

Source: Own survey

Conversely, 11 (16.4 per cent) of the private and 13 (17.8 per cent) of the government current employees who filled and returned the questionnaire ranked it below average.

### 3.2.4.3 Working Environment

Lack of a conducive working environment is one of the major factors that causes employee turnover. As shown in the below table, 32 (47.8 per cent) of the private and 35 (47.9 per cent) of the government employees replied that if there is no conducive working environment in their companies they may quit their job. Furthermore, 22 (32.8 per cent) and 22 (30.1 per cent) of the private and government current employees ranked it below average respectively. The average rank is 13 (19.4 per cent) for the private and 16 (21.9 per cent) for the government.

Table 3.33 working environment as a cause for intending to quit

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	12	16.9	17.9	17.9
	2 <sup>nd</sup> rank	20	28.2	29.9	47.8
	3 <sup>rd</sup> rank	13	18.3	19.4	67.2
	4 <sup>th</sup> rank	11	15.5	16.4	83.6
	5 <sup>th</sup> rank	11	15.5	16.4	100.0
	Total	67	94.4	100.0	
	Missing system	4	5.6		
	Total	71	100.0		
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	17	20.5	23.3	23.3
	2 <sup>nd</sup> rank	18	21.7	24.7	47.9
	3 <sup>rd</sup> rank	16	19.3	21.9	69.9
	4 <sup>th</sup> rank	16	19.3	21.9	91.8
	5 <sup>th</sup> rank	6	7.2	8.2	100.0
	Total	73	88.0	100.0	
	Missing system	10	12.0		
	Total	83	100.0		

Source: Own survey

#### 3.2.4.4 Supervisors' Behaviour

The following table revealed that of the private and government current employees 20 (29.9 per cent) and 12 (16.4 per cent) respectively stated that they intend to quit their job if their immediate supervisors' behaviour is intolerable. However, 33 (49.2 per cent) of the private and 46 (63 per cent) of the government employees believed that the impact of bad supervisors' behaviour on their intention to quit their job is below average.

Table 3.34 Supervisors' behaviour as a cause for intending to quit

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	8	11.3	11.9	11.9
	2 <sup>nd</sup> rank	12	16.9	17.9	29.9
	3 <sup>rd</sup> rank	14	19.7	20.9	50.7
	4 <sup>th</sup> rank	22	31.0	32.8	83.6
	5 <sup>th</sup> rank	11	15.5	16.4	100.0
	Total	67	94.4	100.0	
	Missing system	4	5.6		
	Total	71	100.0		
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	2	2.4	2.7	2.7
	2 <sup>nd</sup> rank	10	12.0	13.7	16.4
	3 <sup>rd</sup> rank	15	18.1	20.5	37.0
	4 <sup>th</sup> rank	27	32.5	37.0	74.0
	5 <sup>th</sup> rank	19	22.9	26.0	100.0
	Total	73	88.0	100.0	
	Missing system	10	12.0		
	Total	83	100.0		

Source: Own survey

### 3.3. Ex-Employees

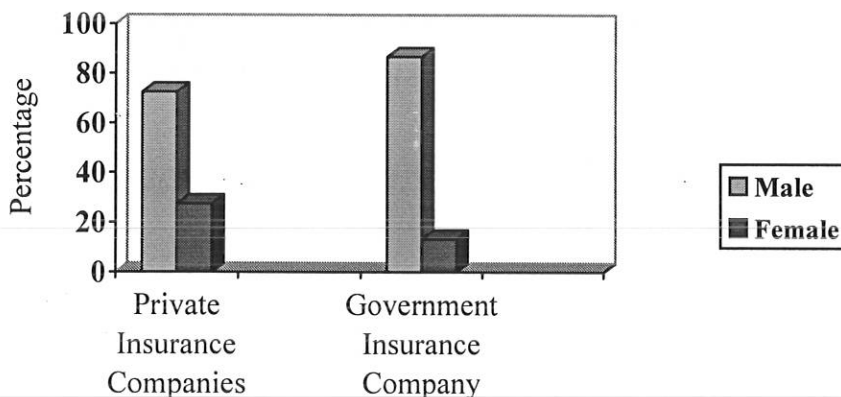
#### 3.3.1. Demographic factors

This section summarizes age, education status, marital status and gender of both the private and government ex-employees.

##### 3.3.1.1. Gender

The study shows that 72.5 per cent of the private and 86.7 per cent of the government ex-employees who had quit their jobs are males, whereas the rest are females.

Chart 3.35 Gender of ex-employees



Source: own survey

### 3.3.1.2. Age

The collected data reveal that 31 (77.5 per cent) of the total private and 12 (80 per cent) of the government ex-employees who responded properly are within the age interval of 25–35 years. The cumulative per cent in table 3.36 shows that 36 (90 per cent) and 14 (93.3 per cent) of the private and the government ex-employees are below the age of 35 respectively.

Table 3.36 Shows age of ex-employees

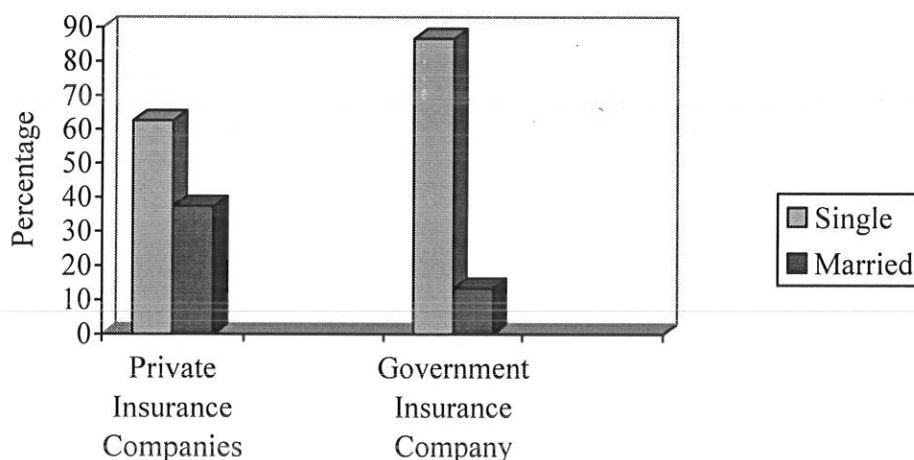
Types of employees	Age of ex-employees	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- < 25	5	12.5	12.5	12.5
	25 – 35	31	77.5	77.5	90.0
	36 – 45	3	7.5	7.5	97.5
	> 45	1	2.5	2.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- < 25	2	13.3	13.3	13.3
	25 – 35	12	80.0	80.0	93.3
	36 – 45	1	6.7	6.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

### 3.3.1.3 Marital Status

Of the total ex-employee respondents of both the private and the government insurance companies, 25 (62.5 per cent) and 13 (86.7 per cent) respectively are single. Following from this, 15 (37.5 per cent) of private and 2 (13.3 per cent) of government ex-employees are married.

Bar chart 3.37 shows marital status of ex-employees



Source: Own survey

### 3.3.1.4 Educational Status

Table 3.38 shows educational status of ex-employees

Types of employees	Educational status	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Diploma	10	25.0	25.0	25.0
	Degree	29	72.5	72.5	97.5
	Masters	1	2.5	2.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Diploma	1	6.7	6.7	6.7
	Degree	14	93.3	93.3	100.0
	Total	15	100.0	100.0	-

Source: Own survey

As the above table shows, 29 (72.5 per cent) of the private and 14 (93.3 per cent) of the government ex-employees are degree holders, while 10 (25 per cent) of the private and 1 (6.7 per cent) of government ex-employees are diploma holders. Only 1 (2.5 per cent) of the private ex-employees has a master's degree.

### 3.3.2. Job Satisfaction

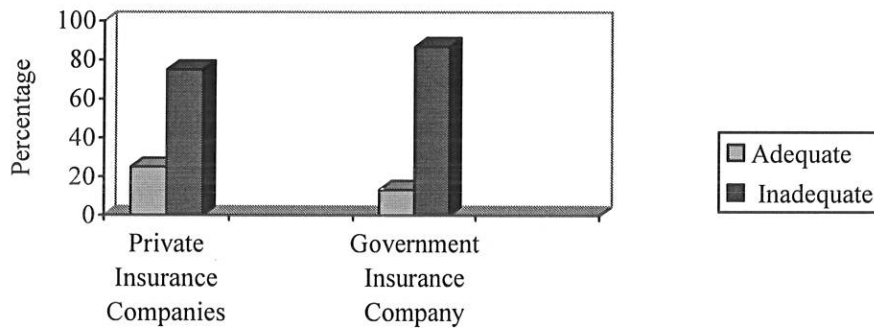
This sub-section measures and summarizes job satisfaction attitude of ex-employees towards their former companies. As with existing employees, the parameters here are also compensation system, promotion policy, working environment and supervisors' behaviours.

#### 3.3.2.1 Compensation System

##### A. Pay

Most of the private as well as the government ex-employees replied that their salary had not been adequate for the task they were expected to accomplish. On the contrary, only 10 (25 per cent) of the private and 2 (13.3 per cent) of the government employees who filled and returned the questionnaires believed that their salary had been adequate for the task they were expected to accomplish.

Bar chart 3.39 shows responses to the question “Had your salary been adequate in relation to the task you were expected to accomplish?”



Source: Own survey

## B. Fringe Benefits

Just like the salary and wage, fringe benefits are also necessary for job satisfaction. Education opportunity, training opportunity, bonus, insurance coverage and medical benefits are summarized in this sub-section.

### B.1 Education Opportunity

Of the private insurance ex-employees who filled the questionnaire, 19 (47.5 per cent) rated their companies' education opportunity very poor and poor, while of the government companies only 3 (20 per cent) rated it as very poor and poor. However, those who rated their companies' education policy above average are 16 (40 per cent) and 9 (60 per cent), of the total private and government ex-employees respectively.

Table 3.40 Shows responses to the question “How do you rate your former company's education opportunity?”

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	9	22.5	22.5	22.5
	Poor	10	25.0	25.0	47.5
	Fair	5	12.5	12.5	60.0
	Good	11	27.5	27.5	87.5
	Very good	5	12.5	12.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very poor	2	13.3	13.3	13.3
	Poor	1	6.7	6.7	20.0
	Fair	3	20.0	20.0	40.0
	Good	2	13.3	13.3	53.3
	Very good	7	46.7	46.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

## B.2 Training opportunity

Unlike educational opportunity, training opportunity for the government insurance company's ex-employees who rated as below average are 7 (46.7 per cent) while the private share goes to 18 (45 per cent). Those who rated their companies' training opportunity as above average number 10 (25 per cent) and 5 (33.3 per cent) from the private and government respectively.

Table 3.41 Shows responses to the question "How do you rate your former company's training opportunity?"

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	9	22.5	22.5	22.5
	Poor	9	22.5	22.5	45.0
	Fair	12	30.0	30.0	75.0
	Good	7	17.5	17.5	92.5
	Very good	3	7.5	7.5	100.0
	Total		40	100.0	100.0
Government ex-employees	Valid- Very poor	3	20.0	20.0	20.0
	Poor	4	26.7	26.7	46.7
	Fair	3	20.0	20.0	66.7
	Good	3	20.0	20.0	86.7
	Very good	2	13.3	13.3	100.0
	Total		15	100.0	100.0

Source: Own survey

As we can infer from the above table, 22 (55 per cent) of the private and 8 (53.3 per cent) of the government ex-employees rated their companies' training opportunity as average and above average.

## B.3. Bonus

According to the data collected, 16 (40.0 per cent) of the private and 10 (66.7 per cent) of EIC ex-employees rated their companies' bonus distribution scheme above average. Only 11 (27.5 per cent) and 2 (13.3 per cent) of the private and the government ex-employees respectively rated it below average.

Table 3.42 shows responses to the question “How do you rate bonus distribution of your former company?”

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	4	10.0	10.0	10.0
	Poor	7	17.5	17.5	27.5
	Fair	13	32.5	32.5	60.0
	Good	14	35.0	35.0	95.0
	Very good	2	5.0	5.0	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very poor	-	-	-	-
	Poor	2	13.3	13.3	13.3
	Fair	3	20.0	20.0	33.3
	Good	4	26.7	26.7	60.0
	Very good	6	40.0	40.0	100.0
	Total	15	100.00	100.00	-

Source: Own survey

#### B.4 Insurance Coverage

Table 3.43 shows responses to the question “How do you rate insurance cover scheme of your former company?”

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	4	10.0	10.0	10.0
	Fair	12	30.0	30.0	40.0
	Good	15	37.5	37.5	77.5
	Very good	9	22.5	22.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very poor	-	-	-	-
	Fair	4	26.7	26.7	26.7
	Good	3	20.0	20.0	46.7
	Very good	8	53.3	53.3	100.0
	Total	15	100.00	100.00	-

Source: Own survey

We can see from the above table that 24 (60 per cent) of the private and 11 (73.3 per cent) of the government ex-employees replied that their former companies' insurance coverage was above average. However, 4 (10 per cent) of the private ex-employees rated it very poor.

## B.5 Medical Benefit

Table 3.44 shows responses to the question “How do you rate medical benefit of your former company?”

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	2	5.0	5.0	5.0
	Poor	2	5.0	5.0	10.0
	Fair	13	32.5	32.5	42.5
	Good	9	22.5	22.5	65.0
	Very good	14	35.0	35.0	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Fair	2	13.3	13.3	13.3
	Good	5	33.3	33.3	33.3
	Very good	8	53.3	53.3	100.0
	Total	15	100.0	100.0	-

*Source:* Own survey

As shown in the above table, 23 (57.5 per cent) of the private and 13 (86.6 per cent) of the government insurance companies’ ex-employees rated their former companies’ medical benefit/cover as above average. Nevertheless, 10 per cent of the private ex-employees rated it as poor and very poor.

## B.6 Transportation Service (allowance)

Of the total ex-employees, 16 (40 per cent) of the private and 1 (6.7 per cent) of the government insurance companies replied that their companies’ transportation service or allowance was good and very good. The lion’s share of the government i.e. 14 (93.3 per cent) and 16 (40 per cent) of the private ex-employees rated it below average (poor and very poor).

Table 3.45 shows responses to the question “How do you rate transportation service (allowance) of your former company?”

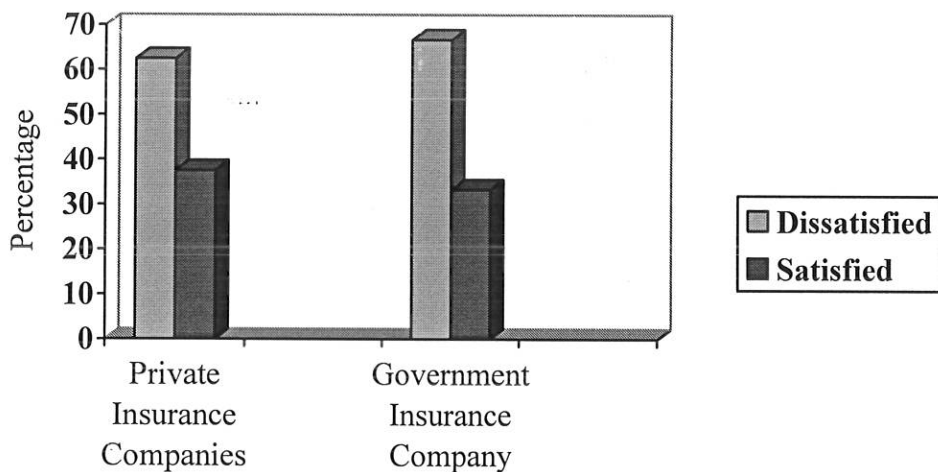
Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very poor	6	15.0	15.0	15.0
	Poor	10	25.0	25.0	40.0
	Fair	8	20.0	20.0	60.0
	Good	7	17.5	17.5	77.5
	Very good	9	22.5	22.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very poor	12	80.0	80.0	80.0
	Poor	2	13.3	13.3	93.3
	Very good	1	6.7	6.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

### 3.3.2.2 Promotion Policy

Most of the private as well as the government insurance companies' ex-employees were not satisfied with their positions. As the statistics show 25 (62.5 per cent) of the private and 10 (66.7 per cent) of the government ex-employees were not satisfied.

Bar chart 3.46 shows position satisfaction of ex-employees in their former companies.

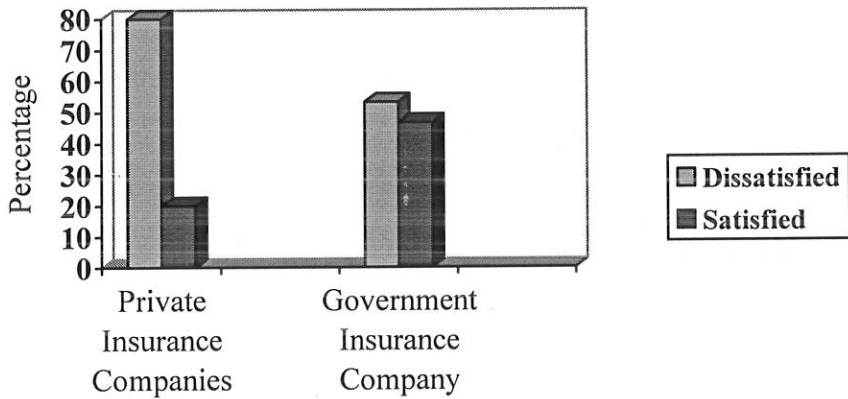


Source: Own survey

As the above bar chart shows, even though the largest percentage of both the private and the government ex-employees were not satisfied with their position, 15 (37.5 per cent) of the private and 5 (33.3 per cent) of the government were satisfied.

Of the total, 32 (80 per cent) and 8 (53.3 per cent) of the private and government ex-employees who filled and returned the questionnaire were not satisfied with their promotion policy. However, 8 (20 per cent) of the private and 7 (46.7 per cent) of the government ex-employees were satisfied with their companies' promotion policy.

Bar chart 3.47 shows promotion policy satisfaction of ex-employees in their former companies



Source: Own survey

### 3.3.2.3 Working Environment

It can be inferred from the below table 3.48 that the majority of ex-employees (67.5 per cent from private and 53.3 per cent from government) rated their former companies' working environment below average. However, 8 (20 per cent) from private and its double from government companies, rated it above average.

Table 3.48 satisfaction of ex-employees in their former companies' promotion policy.

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very bad	10	25.0	25.0	25.0
	Bad	17	42.5	42.5	67.5
	Neutral	5	12.5	12.5	80.0
	Good	5	12.5	12.5	92.5
	Very good	3	7.5	7.5	100.0
	Total		40	100.0	100.0
Government ex-employees	Valid- Bad	8	53.3	53.3	53.3
	Neutral	1	6.7	6.7	60.0
	Good	3	20.0	20.0	80.0
	Very good	3	20.0	20.0	100.0
	Total		15	100.0	100.0

Source: Own survey

As table 3.48 shows, those who responded their companies' working environment was neither good nor bad are 5 (12.5 per cent) and 1 (6.7 per cent) of the private and government ex-employees respectively.

Having this in mind, it is logical to focus on the impact of working environment on employees' decision to stay or leave.

Table 3.49 shows responses to "Conducive work environment had no impact to stay in your former company"

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Strongly disagree	12	30.0	30.0	30.0
	Disagree	9	22.5	22.5	52.5
	Neutral	3	7.5	7.5	60.0
	Agree	11	27.5	27.5	87.5
	Strongly agree	5	12.5	12.5	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Strongly disagree	6	40.0	40.0	40.0
	Disagree	6	40.0	40.0	80.0
	Neutral	1	6.7	6.7	86.7
	Agree	1	6.7	6.7	93.3
	Strongly agree	1	6.7	6.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

The majority, 21 (52.5 per cent) of the private and 12 (80 per cent) of the government ex-employees replied that the working environment had an impact to stay with or leave their former companies. Only 2 (13.4 per cent) of the government and 16 (40 per cent) of the private employees thought that it had no impact on their decision to stay in their former companies. A small fraction, 3 (7.5 per cent) and 1 (6.7 per cent) of the private and government ex-employees, replied indifferently respectively.

### 3.3.2.4. Supervisors' Behaviour

Table 3.50 shows responses of ex-employees on the kind of relationship in their former insurance companies.

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Hostile	22	55.0	55.0	55.0
	Neutral	10	25.0	25.0	80.0
	Friendly	4	10.0	10.0	90.0
	Very friendly	4	10.0	10.0	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Neutral	5	33.3	33.3	33.3
	Friendly	6	40.0	40.0	73.3
	Very friendly	4	26.7	26.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

As the table above reveals, 22 (55 per cent) of the total private ex-employees expressed that there was a hostile relationship in their respective former companies. Small portion, 8 (20 per cent) of the private ex-employees and larger, 10 (66.7 per cent), of government ex-employees expressed that their relationship was friendly and very friendly. The remainder rated relationships as neither friendly nor hostile.

With regard to supervisors' interference, the percentage of the private sector is higher than the government. Statistically, of the returned questionnaires, 17 (42.5 per cent) from the private and 5 (32.8 per cent) from the government responded that supervisors' interference on the job was above average (high and very high).

Table 3.51 shows supervisors' interference on the job

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very low	2	5.0	5.0	5
	Low	7	17.5	17.5	22.5
	Moderate	14	35.0	35.0	57.5
	High	13	32.5	32.5	90.0
	Very high	4	10.0	10.0	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very low	4	26.7	26.7	26.7
	Low	2	13.3	13.3	40.0
	Moderate	4	26.7	26.7	66.7
	High	4	26.1	26.1	93.3
	Very high	1	6.7	6.7	100.0
	Total	15	100.0	100.0	-

Source: Own survey

As the table 3.51 shows, 9 (22.5 per cent) and 6 (40 per cent) of the private and the government ex-employees respectively replied that supervisors' interference at their jobs was below average. The rest of ex-employees rated it as moderate.

Table 3.52 shows supervisors' recognition on the best achievement of employees' on the job.

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total Private ex-employees	Valid- Very low	4	10.0	10.0	10.0
	Low	11	27.5	27.5	37.5
	Moderate	8	20.0	20.0	57.5
	High	11	27.5	27.5	85.0
	Very high	6	15.0	15.0	100.0
	Total	40	100.0	100.0	-
Government ex-employees	Valid- Very low	3	20.0	20.0	20.0
	Low	4	26.7	26.7	46.7
	Moderate	5	33.3	33.3	80.0
	High	1	6.7	6.7	86.7
	Very high	2	13.3	13.3	100.0
	Total	15	100.0	100.0	-

Source: Own survey

The collected data in the table above reveals that 15 (37.5 per cent) of the private and 7 (46.7 per cent) of the government ex-employees stated that supervisor's achievement recognition was below average. Of the total ex-employees, 3 (20 per cent) of the government and 17 (42.5 per cent) of the private insurance companies rated supervisors' recognition above average. The rest (8 or 20 per cent from the private and 33.3 per cent from the government) replied as moderate.

By the same token, 20 (50 per cent) of the private and 8 (53.3 per cent) of the government ex-employees stated that recognition by management for achievements on the job was below average. Only 3 (20 per cent) from the government and 9 (22.5 per cent) from the private ex-employees who returned the questionnaire replied that management recognition was above average. About one-quarter or 11 (27.5 per cent) and 4 (26.7 per cent) from the private and the government ex-employees rated it as moderate respectively (please see details in table 3.53 of annex B).

### 3.3.3 Causes of Employee Turnover

This section summarizes and discusses the major causes of the actual turnover in the private and government insurance companies.

### 3.3.3.1 Compensation System

As table 3.54 shows, 12 (30.8 per cent) of private and 9 (64.3 per cent) of the government ex-employees responded that compensation system was their main cause of turnover.

Table 3.54 shows rank of compensation system as a cause of employees' turnover.

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies ex-employees	Valid- 1 <sup>st</sup> rank	5	12.5	12.8	12.8
	2 <sup>nd</sup> rank	7	17.5	17.9	30.8
	3 <sup>rd</sup> rank	9	22.5	23.1	53.8
	4 <sup>th</sup> rank	9	22.5	23.1	76.9
	5 <sup>th</sup> rank	9	22.5	23.1	100.0
	Total	39	97.5	100.0	-
	Missing system	1	2.5	-	-
Total	40	100.0	100.0	-	
Government insurance company ex-employees	Valid- 1 <sup>st</sup> rank	8	53.3	57.1	57.1
	2 <sup>nd</sup> rank	1	6.7	7.1	64.3
	3 <sup>rd</sup> rank	3	20.0	21.4	85.7
	5 <sup>th</sup> rank	2	13.3	14.3	100.0
	Total	14	93.3	100.0	-
	Missing system	1	6.7	-	-
	Total	15	100.0	100.0	-

Source: Own survey

### 3.3.3.2 Promotion Policy

Regarding promotion policy of insurance companies, of the total private and government ex-employees who filled and returned the questionnaire, 13 (33.3 per cent) and 5 (35.7 per cent) respectively stated it as their cause of turnover.

Table 3.55 shows rank of promotion policy as a cause of employee turnover

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies ex-employees	Valid- 1 <sup>st</sup> rank	4	10.0	10.3	10.3
	2 <sup>nd</sup> rank	9	22.5	23.1	33.3
	3 <sup>rd</sup> rank	12	30.0	30.8	53.8
	4 <sup>th</sup> rank	9	22.5	23.1	76.9
	5 <sup>th</sup> rank	5	12.5	12.8	100.0
	Total	39	97.5	100.0	-
	Missing system	1	2.5	-	-
Total	40	100.0	100.0	-	
Government insurance company ex-employees	Valid- 1 <sup>st</sup> rank	3	20.0	21.4	21.4
	2 <sup>nd</sup> rank	2	13.3	14.3	35.7
	3 <sup>rd</sup> rank	6	40.0	42.9	78.6
	4 <sup>th</sup> rank	3	20.0	21.4	100.0
	Total	14	93.3	100.0	-
	Missing system	1	6.7	-	-
	Total	15	100.0	-	-

Source: Own survey

### 3.3.3.3 Working Environment

Table 3.56 shows rank of working environment as a cause of turnover

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies ex-employees	Valid- 1 <sup>st</sup> rank	22	55.0	56.4	56.4
	2 <sup>nd</sup> rank	8	20.0	20.5	76.9
	3 <sup>rd</sup> rank	2	5	5.1	82.1
	4 <sup>th</sup> rank	5	12.5	12.8	94.9
	5 <sup>th</sup> rank	2	5.0	5.1	100.0
	Total	39	97.5	100.0	-
	Missing system	1	2.5	-	-
Total	40	100.0	-	-	
Government insurance company ex-employees	Valid- 1 <sup>st</sup> rank	3	20.0	21.4	21.4
	2 <sup>nd</sup> rank	10	66.7	71.4	92.9
	4 <sup>th</sup> rank	1	6.7	71.1	100.0
	Total	14	93.3	100.0	-
	Missing system	1	6.7	-	-
	Total	15	100.0	-	-

Source: Own survey

As the above frequency table reveals, the largest percentage of both the private and government ex-employees stated that the absence of conducive working environment

was the main cause for quitting their jobs. Statistically, 30 (76.9 per cent) and 13 (92.9 per cent) of the private and government respectively replied it was their cause.

### 3.3.3.4 Supervisors' Behaviour

As the table below makes clear, 18 (46.2 per cent) of the private ex-employees replied that supervisor behaviour was the major cause to quit their job. However, 5 (35.7 per cent) of the government ex-employees ranked it third place.

Table 3.57 shows rank of supervisors' behaviour as a cause of turnover

Types of employees	Responses	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Total private insurance companies ex-employees	Valid- 1 <sup>st</sup> rank	6	15.0	15.4	15.4
	2 <sup>nd</sup> rank	12	30.0	30.8	46.2
	3 <sup>rd</sup> rank	11	27.5	28.2	74.4
	4 <sup>th</sup> rank	8	20.0	20.5	94.9
	5 <sup>th</sup> rank	2	5.0	5.1	100.0
	Total	39	97.5	100.0	-
	Missing system	1	2.5	-	-
Total	40	100.0	-	-	
Government insurance company ex-employees	Valid- 3 <sup>rd</sup> rank	5	33.3	35.7	35.7
	4 <sup>th</sup> rank	5	33.3	35.7	71.4
	5 <sup>th</sup> rank	4	26.7	28.6	100.0
	Total	14	93.3	100.0	-
	Missing system	1	6.7	-	-
Total	15	100.0	-	-	

Source: Own survey

## 3.4. Turnover Rate

This sub-section presents and interprets voluntary turnover rates and total loss impact of Nile, Nyala and Ethiopian Insurance Corporation for the past five years.

### 3.4.1 Nile Insurance Company

Table 3.58 shows voluntary turnover rate of Nile Insurance Share Company

Budgeted Year	Total number of employees			Total Number newly recruited employee	Total number of Voluntary quits			Total number of involuntary quits			Voluntary turnover rate
	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>		M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	
2003/4	162	87	249	63	-	-	31	6	-	6	12.4%
2004/5	174	92	266	42	10.9% 19	8.7% 8	27	4	3	7	10.2%
2005/6	178	100	278	43	10.1% 18	11% 11	29	2	-	2	10.4%
2006/7	185	107	292	34	9.2% 17	10.3% 11	28	3	-	3	9.6%
2007/8 (July'07- January'08)	180	107	287	18	11.7% 21	2.8% 3	24	1	-	1	9.4%

Source: Own calculation

<sup>1</sup> Male

<sup>2</sup> Female

<sup>3</sup> Totals

As the above table depicts, voluntary turnover rate of Nile insurance S.C. in 2003/4, 2004/5, 2005/6, 2006/7 and 2007/8 was decreasing from 12.4 per cent, 10.2 per cent, 10.4 per cent, 9.6 per cent and 9.4 per cent respectively. In 2004/5 & 2007/8, male employees had shown higher figures than females, while, voluntary turnover rate of females in 2005/6 and 2006/7, surpasses the male's rate.

The researcher has failed to calculate the five-year Total Loss of Impact (TLI) ratio because of the limitation of necessary data. However, two years (2006/7 and 2007/8) had 18.8 per cent and 17.8 per cent TLI ratio respectively. Therefore, it had 9.3 per cent and 8.4 per cent hurt factor above raw turnover rate in 2006/7 and 2007/8 (please see details in table 3.59).

### 3.4.1.1. Voluntary Turnover calculation

In the following Nile's voluntary turnover rate for the year 2006/7 will be calculated as an example.

$$\text{Voluntary turnover} = \frac{\text{Total number of voluntary quits}}{\text{Average work force}} \times 100\%$$

$$\begin{aligned}\text{Voluntary turnover} &= \frac{28}{292} \times 100\% \\ &= \underline{9.6\%}\end{aligned}$$

### Steps in calculating TLI & hurt factors ratios

Step 1- Rank employees based on their value to the organization.

Step 2- Divide the ranking report in to quartiles.

Step 3- Develop hurt factor for each quartile.

Step 4- Calculate TLI ratio.

Step 5- Calculate hurt factor ratio.

To make things clear Nile's TLI and hurt factor ratio for the year 2006/7 will be calculated as an example.

Step 1- As you can see from table 3.59, employees are already ranked based on their value to the organization.

Step 2- Divide the ranking report into quartiles

- 1- Secretaries, General Service etc- 25% - (1<sup>st</sup> quartile)
- 2- Underwriters, claim officers etc- 25% (2<sup>nd</sup> quartile)
- 3- Assistance managers, Branch managers etc – 25% (3<sup>rd</sup> quartile)
- 4- Division managers, Top managers etc – 24% (4<sup>th</sup> quartile)

Step 3- Develop hurt factor for each quartile. Since general service and underwriters do not have equal value to the organization, extra point is assigned to underwriters & claim officers briefly.

- Assign 1- for the first quartile
- 2- for the second quartile
  - 3- for the third quartile
  - 4- for the fourth quartile

Step 4- Multiply the assigned hurt factor by the number of voluntary leavers in that category and calculate TLI ratio

1 x 7 (number of voluntary leavers in the first quartile)	= 7
2 x 16 (number of voluntary leavers in the second quartile)	= 32
3 x 4 (number of voluntary leavers in the third quartile)	= 12
4 x 1 (number of voluntary leavers in the fourth quartile)	= 4
Total	55

To calculate TLI ratio use voluntary turnover formula, i.e.

$$\frac{\text{Total voluntary leavers (quits)}}{\text{Average workforce}} \times 100\%$$

$$\begin{aligned} \text{TLI Ratio} &= \frac{55}{292} \times 100\% \\ &= 18.8\% \end{aligned}$$

Step 5- Calculate hurt factor ratio

$$\begin{aligned} \text{Hurt factor ratio} &= \text{TLI Ratio} - \text{Voluntary Turnover Rate} \\ &= 18.8\% - 9.6\% \\ &= 9.2\% \end{aligned}$$



Table 3.59 shows Total Loss Impact ratio of Nile Insurance Share Company

Year	Positions of Employees	Hurt Factor Ratio	No. of voluntarily quits by position	Total number of voluntarily quits	Total number of employees	TLI ratio
2006/7	1- Secretaries, General Service, Drivers, etc	9.2%	7	28	292	18.8%
	2- Underwriters, Claim officers, Accountants etc		16			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		4			
	4- Division mangers, Top Managements, & Others		1			
2007/8	1- Secretaries, General Service, Drivers, etc	8.4%	7	24	287	17.8%
	2- Underwriters, Claim officers, Accountants etc		7			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		10			
	4- Division mangers, Top Managements, & Others		-			

Source: Own calculation

### 3.4.2 Nyala Insurance Company

Table 3.60 shows voluntarily turnover rate of Nyala Insurance Share company

Budgeted Year	Total number of employees			Total Number newly recruited employee	Total number of Voluntary quits			Total number of involuntary quits			Voluntary turnover rate
	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>		M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	
2004/5	114	40	154	-	10.5% 12	10% 4	16	4	2	6	10.4%
2005/6	124	40	169	30	5.4% 7	20% 8	15	-	-	-	8.9%
2006/7	137	52	189	39	11.7% 16	11.5% 6	22	2	-	2	11.6%
2007/8 (July'07- May'08)	141	49	190	33	12.8% 18	24.5% 12	30	2	-	2	15.8%

Source: Own calculation

<sup>1</sup> Male

<sup>2</sup> Female

<sup>3</sup> Total

Table 3.60 shows that total voluntary turnover rate of Nyala in 2004/5, 2005/6, 2006/7 and 2007/8 was increasing from 10.4 per cent, 8.9 per cent, 11.6 per cent and 15.8 per cent respectively, unlike Nile's decreasing trend. Females are the main contributors to the rise of voluntary turnover. Statistically, in 2005/6 and 2007/8 they had contributed 20 per cent and 24.5 per cent respectively. In 2004/5 and 2006/7 both females and males had contributed almost similar percentages.

Likewise, the TLI ratio in 2004/5, 2005/6, 2006/7 and 2007/8 was 15.6 per cent, 18.3 per cent, 20.1 per cent and 26.8 per cent respectively. But the hurt factor for the same years was 5.2 per cent, 9.4 per cent, 8.5 per cent and 11 per cent above raw percentage of voluntary turnover (Please see the detail in table 3.61 in page 92).

Table 3.61 shows Total Loss Impact ratio table of Nyala Insurance Share Company

Year	Positions of Employees	Hurt Factor Ratio	No. of voluntarily quits by position	Total number of voluntarily quits	Total number of employees	TLI ratio
2004/5	1- Secretaries, General Service, Drivers, etc	5.2%	9	16	154	15.6%
	2- Underwriters, Claim officers, Accountants etc		6			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		1			
	4- Division mangers, Top Managements, & Others		-			
2005/6	1- Secretaries, General Service, Drivers, etc	9.4%	4	15	169	18.3%
	2- Underwriters, Claim officers, Accountants etc		8			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		1			
	4- Division mangers, Top Managements, & Others		2			
2006/7	1- Secretaries, General Service, Drivers, etc	8.5%	10	22	189	20.1%
	2- Underwriters, Claim officers, Accountants etc		9			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		2			
	4- Division mangers, Top Managements, & Others		1			
2007/8	1- Secretaries, General Service, Drivers, etc	11%	13	30	190	26.8%
	2- Underwriters, Claim officers, Accountants etc		14			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		2			
	4- Division mangers, Top Managements, & Others		1			

Source: Own calculation

### 3.4.3 United Insurance Share Company

The researcher had tried many strategies to gather secondary data from United Insurance Share Company while the human resource department had failed not only to provide secondary data but also to fill the questionnaire that was responded by the human resource manager.

### 3.4.4. Ethiopian Insurance Corporation

Table 3.62 shows voluntarily turnover ratio of Ethiopian Insurance Corporation

Budgeted Year	Total number of employees			Total Number newly recruited employee	Total number of Voluntary quits			Total number of involuntary quits			Voluntary turnover rate
	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>		M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	M <sup>1</sup>	F <sup>2</sup>	T <sup>3</sup>	
2003/4	645	490	1135	79	3.1% 20	2.4% 12	32	12	4	16	2.8%
2004/5	645	490	1144	73	5.6% 36	1.8% 9	45	14	4	18	3.9%
2005/6	676	503	1179	96	4.6% 31	2.2% 11	42	12	6	18	3.6%
2006/7	663	508	1171	58	5.4% 36	2% 10	46	13	7	20	3.9%
2007/8	657	512	1169	65	6.4% 42	3% 15	57	7	3	10	4.9%

Source: Own calculation

<sup>1</sup> Male

<sup>2</sup> Female

<sup>3</sup> Totals

Table 3.62 reveals that EIC's voluntary turnover in 2003/4, 2004/5, 2005/6, 2006/7 and 2007/8 was 2.8 per cent, 3.9 per cent, 3.6 per cent, 3.9 per cent and 4.9 per cent respectively.

The secondary data collected in table 3.63 shows the TLI ratio of EIC in 2003/4, 2004/5, 2005/6, 2006/7, 2007/8 was 6.0 per cent, 8.2 per cent, 8.0 per cent, 7.8 per cent and 10.8 per cent respectively. Similarly, hurt factor for the same years was 3.1 per cent, 4.3 per cent, 4.4 per cent, 3.9 per cent and 5.9 per cent.

Table 3.63 shows Total Loss Impact Ratio of Ethiopian Insurance Corporation

Year	Positions of Employees	Hurt Factor Ratio	No. of voluntarily quits by position	Total number of voluntarily quits	Total number of employees	TLI ratio
2003/4	1- Secretaries, General Service, Drivers, etc	3.1%	3	32	1135	6.0%
	2- Underwriters, Claim officers, Accountants etc		25			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		2			
	4- Division mangers, Top Managements, & Others		2			
2004/5	1- Secretaries, General Service, Drivers, etc	4.3%	4	45	1144	8.2%
	2- Underwriters, Claim officers, Accountants etc		35			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		4			
	4- Division mangers, Top Managements, & Others		2			
2005/6	1- Secretaries, General Service, Drivers, etc	4.4%	1	42	1179	8.0%
	2- Underwriters, Claim officers, Accountants etc		33			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		5			
	4- Division mangers, Top Managements, & Others		3			
2006/7	1- Secretaries, General Service, Drivers, etc	3.9%	6	46	1171	7.8%
	2- Underwriters, Claim officers, Accountants etc		37			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		1			
	4- Division mangers, Top Managements, & Others		2			
2007/8	1- Secretaries, General Service, Drivers, etc	5.9%	4	57	1169	10.8%
	2- Underwriters, Claim officers, Accountants etc		43			
	3- Assistant Mangers, Branch Manager, Department Heads, etc		4			
	4- Division mangers, Top Managements, & Others		6			

Source: own calculation

### 3.5 Conclusion

What can be discerned from the above data discussion is that in the demographic factors data discussion, males are more prevalent in the industry than their female counterparts. Statistics clearly show 47 (66.2 per cent) and 49 (59 per cent) of the private and government existing employees are males respectively. Moreover, 29 (72.5 per cent) of the private and 13 (86.7 per cent) of the government ex-employees are males. When it comes to age, marital status and educational qualification of existing and ex-employees, 62 (87.3 per cent) of the private and 52 (62.7 per cent) of the government existing employees fall in the first two age intervals (i.e. less than 25 and 25 – 35 years). Similarly, 36 (90 per cent) of the private and 14 (93.3 per cent) of the government employees fall in the first two age intervals. Single existing and ex-employees of both the private as well as the government are more heavily represented than married employees. Furthermore, degree holders of the private as well as the government ex and existing employees have a significant percentage.

The study reveals that half of EIC and more than 85 per cent of the private insurance companies existing employees believed that their salary is inadequate in relation to the task they are expected to accomplish. Similarly, only 10 (25 per cent) of the private and 2 (13.3 per cent) of the government ex-employees believed that their salary was adequate. Like the compensation system, more than half of the private and government insurance companies' existing and ex-employees are not satisfied with their respective companies' promotion policy. However, 18 (75 per cent) of Nile, 20 (80 per cent) of Nyala, 10 (45.5 per cent) of United and 70 (84.3 per cent) of EIC current employees replied that the companies working environment is conducive. On the contrary, 27 (67.5 per cent) of the private and 8 (53.4 per cent) of the government ex-employees replied that there was a conducive working environment in their respective former companies. Regarding supervisors' behaviour, except United, all of the four companies existing employees explained supervisors' subordinate relationship as bossy and very bossy. Almost half, or 22 (55 per cent) of the private ex-employees rated their former companies' subordinate-supervisors relationship below average.

Employees of the insurance industry have high frequencies of intention to quit their jobs. As the data demonstrates 30 (73.2 per cent) of the private and 8 (50.6 per cent) of the government existing employees intend to quit. The primary reason for these both in the private and government insurance companies is dissatisfaction with the companies' promotion policy. The second and the third causes in the industry are low compensation system and lack of conducive environment, respectively.

On the contrary, working environment is the main cause for actual employees' turnover in the insurance industry. Moreover, supervisors' behaviour for the private and low compensation system for the government are the second causes of actual turnover, while dissatisfaction with promotion policy placed third.

Finally, table 3.58, 3.60 and 3.62 show, the private insurance companies have greater voluntary turnover rate than the government. But considering the individual private companies, Nile has lower voluntary turnover rate than Nyala Insurance S.C.

## Chapter 4

### Analysis of the Problem of Voluntary Employee Turnover in the Private and Government Insurance Companies

#### 4.1 Introduction

This chapter makes an in depth analysis of the data discussed in the previous chapter. To make the analysis more organized and manageable, the chapter is divided into six sections and sub-sections. The primary section analyzes demographic factors of existing and ex-employees of the selected private as well as government insurance companies. The second section analyzes compares and contrasts job satisfaction behaviour of existing employees of the insurance industry in relation to voluntary labour turnover. Moreover, it will also analyze causes for existing employees' desire to quit their jobs. Factors that motivate existing employees of the insurance industry are analyzed in the third section. The next two sections analyze, compare and contrast causes of actual voluntary turnover, calculated rates of voluntary turnover and hurt factor ratios for Nile, Nyala and Ethiopian Insurance Corporation. The sixth section briefly discusses and analyzes negative consequences the insurance industry has faced as a result of voluntary employee turnover. The conclusion summarizes the core issues discussed and analyzed in this chapter.

#### 4.2 Demographic Analysis

The total number of male employees in Nile, Nyala and EIC was higher than females in the recent past as the sector seems to produce more male than female candidates.

Regarding age, the insurance industry has younger employees who could serve for a long period. As table 3.2 on page 43 explains more than 55 per cent of each of the private and the government employees are in the age interval of 25–35 years. Likewise, when we consider the first two age intervals, i.e. <25 and 25 – 35, the percentage goes to 62 (87.3 per cent) and 52 (62.7 per cent) for the private and the government companies respectively. Similarly, younger employees mainly from the first two age intervals are leaving the private as well as the government insurance companies. The statistics show (see table 3.36 in page 71), 36 (90 per cent) of the private and 14 (93.3 per cent) of the government ex-

employees who had left their respective companies were from the first two age intervals. However, existing government employees over the age of 45 are not willing to quit their job voluntarily. Since they are running to retirement, they want to secure pension and retirement compensation benefits. This definitely decreases the percentage of actual turnover of older employees.

Even though young employees seem the most mobile, it is unfair to make sweeping conclusions with this small sample that does not depict other relationships. Additionally, since the largest share of the total employees is filled by younger employees the probability of quitting is high.

Age can be related to marital status. Since the largest portions of insurance employees are young, they are not in a position to get married. Because of this, single employees are dominant in the private and government insurance companies. The theoretical framework of this paper has said married employees are more stable than single. Supporting literatures, this study's finding shows more single employees quit their job than married. This mostly occurs as a result of the phenomenon that as the number of dependents increase, the probability of being responsible will also be boosted.

Currently, most of the insurance companies are in favour of recruiting degree holders because of the availability of labour in the market. Of the private and government ex-employees, 29 (72.5 per cent) and 14 (93.3 per cent) are degree holders, respectively. Those who have master's degree are only 1 (2.5 per cent) of the private ex-employees (Please see details in bar charts 3.4 & 3.38 on page 45 & 72 respectively). These data show that whether the industry does not need educational qualification more than undergraduate level to undertake its activities or companies are not in favour of supporting employees for graduate studies. The later seems true.

### **4.3 Job Satisfaction and Intention to Quit**

Before discussing the data, however, it is necessary to establish the importance of job satisfaction in voluntary turnover research. March and Simon (1958 cited in Trevor 2001:

622) characterized job satisfaction as a multifaceted function of several diverse factors, such as monetary rewards, type of supervision and participation in job assignment.

Job satisfaction plays a major role in virtually all turnover theories and operates as the key psychological predictor in most turnover studies (Dickter et al 1996 cited in *ibid*). Numerous studies have concluded that job satisfaction is negatively related to voluntary turnover (e.g. Cotton & Tuttle 1986; Mobley, 1979; price, 1977; Tett & Meyer, 1993 cited in *ibid*.).

Even though different scholars said a lot about job satisfaction, in this study the facets of job satisfaction were included - compensation system, promotion policy, working environment as well as supervisors' behaviour.

This sub-section analyzes job satisfaction parameters in relation to the intention to quit and other issues. Furthermore, it also analyzes education policy of the selected insurance companies with intention to quit.

#### **4.3.1 Compensation System**

Aspley and White (1943 cited in Raymond 1951:77) stated that compensation system is a less potent incentive for production than some of the other factors in the work situation. They also stated that job satisfaction and rate of pay do not necessarily correlate positively. Ingham (1979 cited in Dalton & Todor 1982:213) stated that there is an inverse relationship between amount of pay and turnover. Others are somewhat less emphatic but agree that pay is a significant factor in the termination decision (Porter & Steers 1973 cited in *ibid*).

When we consider pay satisfaction in the insurance industry, more than 85 per cent of the private and half of the government existing employees are not satisfied with their companies' salary payment in relation to the task they are expected to accomplish (see table 3.5 on page 46). Furthermore, over 75 per cent of each of the private and the government ex-employees were not satisfied (see table bar chart 3.39 on page 73). Surprisingly, though the questionnaires of this study were distributed following the salary adjustment of EIC,



existing employees still feel that their salary is not adequate. It implies that the industry has failed to offer or provide competitive salary scales.

Most insurance employees compare their salary scale with the finance sector companies, mainly with banks, and feel that it is inadequate. As discussed above, a large number of employees (both private and government) are not satisfied with their companies' pay scale, and are susceptible to quitting. Moreover, cross tabulation table 3.6 on page 47 shows the majority of employees are either satisfied or dissatisfied with their respective companies' salary scale intend to quit their job. The majority or 73.2 per cent of the government respondents who believe their salary is adequate intend to stay. What we detect from this is that in the three private insurance companies, whether employees believed their salary is adequate in relation to the task they are expected to accomplish or not, they intend to leave their companies. It seems that there is no correlation between satisfaction with salary and intention to quit in the private insurance companies. The fact is, once dissatisfied with the pay scale and other parameters such as promotion policy, work load, working environment and supervisors' behaviour; they are waiting for a convenient time to leave the company.

In EIC, those who believe their salary is adequate intend to stay while those who replied that their salary is inadequate want to leave the company. Similarly, more than 75 per cent of the private as well as the government ex-employees were not satisfied with their salary in relation to the task they were expected to accomplish.

In contrast, all of the human resource managers of Nile, Nyala and EIC believed that their compensation system is fair. However, except Nyala's human resource manager, the two others replied that employee dissatisfaction with the pay scale and fringe benefits is prevalent.

Moreover, the private insurance companies have failed to satisfy their employees even using fringe benefits. To confirm this, of the total current United employees, 90 per cent and 63 per cent rated their education benefit and bonus scheme below average respectively (See details in tables 3.7 and 3.11 on page 48 & 50 respectively). Moreover, almost half of United's and more than half of Nile's existing employees ranked their training opportunity

below average. In contrast, EIC and Nyala provide better education as well as training opportunity to their employees. All of the insurance companies except United offer/provide competitive benefits of insurance coverage and medical benefit to their employees. Moreover, EIC leads in distributing bonus schemes over the private insurance companies. In contrast, except Nile, the private insurance companies provide better transportation allowance than the government.

Generally, we can say that EIC employees are less dissatisfied with their pay scale than their private counterparts. Likewise, EIC provides better benefits, except transportation, than the private sector. United employees are the most dissatisfied with their fringe benefits.

Because of dissatisfaction with low compensation system and fringe benefits, the private and the government existing employees rated compensation system as their second leading cause for intending to quit.

#### **4.3.2 Promotion Policy**

Except Nyala, more than half of each of the three insurance companies' existing employees are not satisfied with their position (please see bar chart 3.13 on page 54). Similarly, more than 60 per cent of the private as well as the government ex-employees were not satisfied with their position in their former companies. The main reasons for the dissatisfaction are mismatch between their positions and education qualification, workload, overloaded responsibility with little remuneration etc. On the other hand, more than half of Nyala, though not most employees of Nile, United and EIC have satisfied respondents. This is because they are assigned based on their educational background and less workload. Fortunately, except a few respondents, employees who are satisfied with their positions are branch managers, department heads, assistant managers and newly hired employees. Since companies provide various benefits such as vehicles, allowances, and adequate monthly salary, managers (higher officials) are not dissatisfied with their position. While newly hired employees are mainly fresh graduates, know little about the company's personnel

policies and do not expect promotion since they have to gain experience; they might not be as such dissatisfied.

Likewise, most of the existing and ex-employees of the insurance industry are not satisfied with their respective companies' promotion policy. As a matter of fact there is confusion among employees regarding their companies' promotion policy. Companies use various kinds of promotion policies that facilitate quick promotion and satisfy existing employees. According to the human resource managers of the selected companies, Nyala and EIC have used seniority cum merit while Nile has used a merit based promotion policy. Even though EIC has used seniority cum merit based promotion policy, employees are expected to pass internal examination. Surprisingly, only few employees correctly know what kind of promotion policy their companies are following (please see table 3.17 on the annex B). The private insurance companies employees (both existing and ex) who are not satisfied with their companies promotion policy stated that there are no personnel policy documents that clearly explain how and when one could get promotion, it takes a long time to get promotion, the policy does not consider competence and qualification rather it has focused on seniority and batch promotion, and it is the whims of management. On the other hand, government employees stated that their company's promotion policy focussed on subjective measurement, inconsistent and unclear promotion practice, nepotism, and it always considers passing internal examination rather than seniority.

On the contrary, the three human resource managers (Nile's, Nyala's and EIC's) replied that their companies' promotion policies facilitate quick promotion. Whatever the case is, companies should reconsider the policy and create awareness concerning the personnel policy of the company among their employees.

Herzberg et al (1953 cited in March & Mannari 1977:58) stated that turnover is negatively related with chances of promotion. Dissatisfaction with promotion policy is the most serious factor of all previously selected parameters for the private as well as government's employee's intention to quit. As table 3.32 on page 68 shows 37 (55.2 per cent) of the private and 45 (61.6 per cent) of the government existing employees rated dissatisfaction

with the promotion policy of their companies as their primary cause for the intention to leave.

Moreover, cross tabulation table 3.16 on page 56 shows that there is an inverse relationship between satisfaction in promotion policy and intention to quit in the Ethiopian insurance industry. In other words, those who are satisfied with the promotion policy of their companies intend to stay, while those who are not satisfied intend to quit.

### **4.3.3 Working Environment**

Working environment is one of the main variables that could affect job satisfaction. It can be expressed by the relationship of colleagues in a department, office layout, and usage of advanced technology that facilitates the work.

Except United, all of the four companies have conducive working environments. As table 3.18 on page 57 of chapter three depicts, more than 75 per cent of Nile, Nyala and EIC existing employees rated their respective companies' working environment as conducive.

Working environment, unlike the promotion policy, has a weak relationship with the intention to quit in EIC and Nile Insurance. In Nyala and United, it has relatively strong relationship with intention to quit. Statistically, 17 (68 per cent) of Nyala, 9 (37.5 per cent) of Nile, 12 (54.5 per cent) of United and 36 (43.4 per cent) of EIC employees replied that working environment has an impact on their intention to stay (Please see details in table 3.19 on page 59). That means if the working environment is conducive they will intend to stay in their respective companies. On the contrary, not more than half of the ex-employees of the insurance industry replied that working environment has no effect on the intention to stay in their companies.

Following from the general dissatisfaction, 67.5 per cent of the private and 53.3 per cent of the government ex-employees rated their former companies working environment below average (please refer table 3.48 page 78 for the detail). Generally, the current employees of the private and the government insurance companies ranked lack of a conducive working environment as the third most important cause for their intention to quit.

#### 4.3.4 Supervisors' Behaviour

This sub-section analyzes supervisor-subordinate relationships, supervisors' impact on subordinates' intention to quit, and performance recognition trends of the management and supervisors.

Of the selected insurance companies, the highest rated relationship between supervisors and subordinates exists in United Insurance. Moreover, the other private insurance companies have better relationships than the government company. This is because the age interval of subordinates and supervisors in private insurance companies is less significant than the government.

However, ex-employees of the private sector were not happy with the relationship between subordinates and supervisors. As table 3.50 (on page 80 of chapter three) depicts more than 55 per cent of the total ex-employees rated it as hostile. On the other hand, more than two-thirds of EIC ex-employees replied that there was a friendly relationship in their former company. On the contrary, more than 61 per cent of EIC existing employees rated their supervisors- subordinates' relationship as average and below average. This implies that the relationship between subordinates and supervisors in private insurance companies is improving while the public company's was worsening.

According to Herzberg's two-factor theory (1966 cited in Peter et al: 367), recognition is one of the motivational factors that can lead to job satisfaction. When we assess or examine managements' and supervisor's recognition practice of insurance companies, it is very low. Rewarding best performers may be costly to the organization, but by writing a two-line letter that expresses how valuable an employee is to the company, it is possible to motivate. Relatively, EIC's existing employees are more satisfied with the recognition practice of supervisors and management than the private companies.

Supervisors have an impact on subordinates' intention to stay/quit in the private as well as government insurance companies. Theory explained the role of supervisor is key to employees' job experience because they control degree of structure, provide formal and

informal feedback, control rewards etc. (Katz, 1978; Van Maane, 1975 cited in David et al 1981:250). When we consider responses on table 3.23 of page 62 since employees have good relationships, more than half of each of the three insurance companies' existing employees, except United, replied that supervisors have no impact on their intention to quit. The reason why they respond like this is that currently they have friendly relationships with supervisors. But it does not mean that the relationship lasts forever. If the situation morphs into a hostile situation, supervisors will definitely have an impact on employees' intention to quit.

Generally, because of the friendly relationship between subordinates and supervisors, turnover intention as a result of supervisors' behaviour or relationship with subordinates is not significant in the industry.

#### **4.4 Job Motivators**

Even though Herzberg propose that out comes from behavioural choice falls into two categories i.e. hygiene factors and motivators, various scholars criticized his ideas.

Because of the criticisms that are explained in the theoretical frame work of this paper and due to Herzberg's research limitations to developed nations, the applicability of the theory in developing countries like Ethiopia is questionable. As this study shows, compensation system, promotion policy, supervisors' behaviour etc. have potential to satisfy employees of the insurance industry.

Though Herzberg's theory has been seriously criticized, it has made a major contribution in emphasizing the importance of intrinsic rewards from work itself (ibid). All job motivators stated by Herzberg initiate existing employees of the insurance industry. However, nature of job is the most satisfying motivator to the private as well as government current employees'. In addition to this, achievement for the private, as well as responsibility and achievement for the government are the next best motivators.

Nature of job is related with the level of job challenge, opportunity for career growth, interest etc. In the insurance industry dissatisfaction resulting from nature of work is not as

such significant because, as bar chart 3.29 on page 66 shows, more than half of each of the private and government current employees thought that working in insurance is not boring. Even if they said so, the concerned bodies should look at the job content, enrich it and create well-planned career paths to make employees more interested on the job.

#### **4.5 Actual Causes of Turnover**

According to Robert (2002:402) more than 2,500 studies of turnover have been conducted and point out unfavourable work shifts (such as night shifts and irregular hours) as a principal cause of turnover. While external influence such as unemployment and new job opportunities seem to have little effect on turnover rates, the reverse seems to be true in the insurance industry of Ethiopia. With the opening up of the private insurance companies, the mobility of insurance professionals has also increased.

So far, according to the interview of the human resource managers of the identified insurance companies, none of the insurance companies have conducted research for their turnover problems. Based on their irregular exit interviews, the three human resource managers (Nile, Nyala and EIC) highlight that provision of better opportunities in other companies/industries is their major cause of voluntary turnover. Apart from this, Nyala's human resource manager replied that change of residence and seeking further education are among the significant contributors. On the other hand, the personnel manager of EIC stated that employees' dissatisfaction with compensation system also has a serious contribution. As this study depicts, all previously stated factors - compensation system, promotion policy, working environment and supervisors' behaviour - had contributed to employees' turnover in the insurance industry. However, of all, lack of a conducive working environment was the major cause for the private and government insurance companies' actual voluntary turnover. Likewise, dissatisfaction with supervisor behaviour for the private and low compensation system for the government were the second causes. Dissatisfaction with promotion policy was the third cause of actual turnover in the insurance industry. Besides these, the private (especially United Insurance's) ex-employees stated workload as their cause of turnover.

The finding of this study reveals, there exists a weak relationship between determinant of intention to quit and actual causes of voluntary turnover. As we discussed earlier, dissatisfaction with promotion policy and low compensation system are the major causes of the industry workforce's intention to quit, whereas working environment was the actual cause of voluntary turnover for the private and for the government too (please see details in table 3.31, 3.32 and 3.57). A potential justification for this discrepancy is that the industry perhaps improved its working environment after a lot of terminations had occurred. The private employees stated that dissatisfaction with working environment has come from the condensed nature of their office layout. For instance Nile insurance S.C. is moving to a new and more spacious head office. This definitely decreased dissatisfaction of employees. Secondly, they are affected by the macroeconomic activity of the country. Along with the high economic disturbance and high inflation rate they might not be in a position to cover their expenses. Because of these, they desperately need upwardly revised compensation schemes and quick promotion.

Fishbein and Ajzen's (1975 cited in Maresh & Chong 2001:56) theory of attitude postulates, "the best predictor of an individual's behaviour will be measure of his intention to perform that behaviour". Price and Mueller (1981 cited in *ibid*) even recommended the use of turnover intention over actual turnover because the latter is more difficult to predict as there are many external factors that affect turnover behaviour. Moreover, turnover intention may be a better barometer of management practice than actual turnover. For example, it is possible that, despite high turnover intention, actual turnover is low because of high unemployment in an industry. The low turnover, in this case, may mask poor management practices. So that concerned bodies of the insurance industry should mostly focus on their companies' causes for the intention to quit.

#### **4.6. Turnover Rate**

The rate of voluntary turnover in Nile insurance S.C. is decreasing. In contrast, Nyala's and EIC's rates have boosted since 2004/5. Literature generally agrees that employee turnover needs greater attention when the rate is more than 20 per cent (Mick & Adrian 2000: 485). As Table 3.58, 3.60 and 3.62 on page 85, 89 and 91 respectively demonstrate, each year's

turnover rates of Nile, Nyala and EIC are less than the stated rate by Mick and Adrian. But it doesn't mean that turnover is not a problem the industry faces because the rate is increasing at an alarming rate and there is also high intension to quit. Regarding contribution, male labourers who quit from EIC significantly contributed to the total voluntary turnover rate. However, male ex-employees of Nile dominated in 2004/5 & 2007/8 females in contributing to the total turnover rate. Regarding Nyala, overall, female ex-employees predominantly contributed to the voluntary turnover rate. Mainly there are two main reasons for the decline of voluntary turnover rate in Nile Insurance S.C. Primarily, in 2004 the company had adjusted its pay scale and became the highly paying company in the industry. The second reason was that, previously it had a trend of recruiting fresh graduates with high cumulative grades. Since, these graduates had an array of opportunities with higher paying companies and prestigious organizations, stability was very low. Therefore, after analyzing its problem the company had changed its recruitment policy and stuck on selecting graduates with average cumulative grades. As a result the rate has started declining.

When we compare the raw data of employees' mobility, in 2003/4, 2004/5, 2006/7 the number of newly recruited employees of Nile exceeds the voluntarily leaving ex-employees. Similarly, in 2003/4, 2004/5 and 2005/6 the total recruited employees of EIC significantly dominate the leavers (please see details in table 3.58 & 3.62 on page 85 & 91 respectively). In contrast, in 2006/7 and 2007/8 the outflow outsmarted the inflow in EIC. Likewise, in 2007/8 employees of Nile Insurance who left their job exceed the recruited. Even though, the inflow outweighed the outflow in Nyala Insurance S.C., it was increasing though at a decreasing rate. We can discern that since the recruited employees fail to cover the task of the leavers quickly, existing employees have faced heightened workloads.

According to Phillip and Lyod (1989:98) turnover situation is a cause for concern when the hurt factor is more than 1.5 times the raw turnover percentage. Luckily, the hurt factor ratios of Nile, Nyala and EIC were less than the total raw percentages. However, like the total voluntary rate, TLI ratio and hurt factor ratios of Nyala and EIC were increasing for the past four years. As table 3.61 on page 90 reveals, in 2004/5 TLI ratio of Nyala was 15.6

per cent but presently, it has reached 26.8 per cent. Similarly, as table 3.63 on page 92 depicts EIC had 4.3 per cent of hurt factor in 2004/5 while in 2007/8 it has grown to 5.9 per cent respectively. The hurt factor ratios of Nile in both of the budget years, 2006/7 and 2007/8, were 9.2 per cent and 8.4 per cent respectively. All of these data tells us that more than 70 per cent of employees who had quit their jobs were from the first two quartiles. In other words, non-managerial staffs have quit at higher rates than managerial employees in Nyala, Nile and EIC. The good news is that none of the three companies were not in a position for high concern to reduce labour turnover. However, if the rate continues increasing as it was, turnover will become a very serious problem in the near future.

#### **4.7 Consequences of Turnover**

If one accepts the reasonable premise that turnover is not necessarily undesirable, then it becomes necessary to examine the condition under which turnover is to be considered desirable or undesirable. Such an examination requires specification and analysis of the cost and consequences, that is, the utility of turnover. This section summarizes and analyzes costs and negative consequences of employees' turnover previously identified insurance companies have faced.

##### **4.7.1 Costs Related to Turnover**

Turnover costs range from \$3,000 to \$10,000 per hourly employee! According to the National Restaurant Association (NRA), turnover costs for restaurants average about \$5,000 per employee. Turnover costs for managers can average \$50,000 or more. Many companies equate the cost of losing one trained manager with the amount of the manager's annual salary; it typically takes about a year for a new manager to become fully productive (Robert 2002: 400).

A major item of unnecessary expense emanating from unsatisfactory selection, or placement, personnel relation, job dissatisfaction, working condition...etc are the cost of excessive labour turnover. These are significant factors in the overhead and operating expense in the insurance industry (Raymond 1950: 74).

As a matter of fact none of the selected insurance companies had calculated the complete amount of money employees turnover would cost them. However, according to the personnel officer of Nyala, the company would incur Birr 600.00 on average for advertisement and medical check-up per person. Even though they have failed to calculate the entire cost, they have listed the cost variables that are related with their companies' turnover process.

Generally, these costs are:

1. Cost of hiring of new employees (these costs in specific are, cost of advertisement, selection, etc).
2. Costs incurred by the human resource department such as time and facilities used to interview, prepare mandatory documents, give physical examinations etc. Above these, for instance, EIC uses Commercial College of Addis Ababa University to prepare and conduct entrance examination for potential candidates.
3. Training and development costs- All of the three (Nile, Nyala and EIC) insurance companies prepare induction training or programs for new hires. And of course, there are also a lot of trainings that are facilitated to upgrade knowledge and skill of their employees.
4. Wage and salary paid to new (especially fresh graduates) employees in excess of his/her value to the organization.
5. Wastage of materials in the learning period.
6. Overtime payment to regular workers in order to maintain the required level of production.

#### **4.7.2 Negative Consequences of Labour Turnover**

According to Barry (1980:256) aside from the recruitment, selection, training and development costs the loss of large numbers of personnel or key members of the organization will sometimes prove costly in terms of general disruption.

The interrelatedness of the nature of the job in the insurance companies means the departure of an employee would create a bottleneck problem. On the other hand, the departure of an employee not only creates operational disruption, demoralization, etc. but also burdened the workload on existing employees potentially creating discontent.

As the statistics show 64 (90.1 per cent) of the private and 63 (75.9 per cent) of the government employees replied that there is a workload increase if someone resigned from their department or branch (See details in table 4.1 of annex B). This is mainly the shortcoming of the private insurance companies more than the government because much of the job is carried out by a small number of employees. Surprisingly, this is also mentioned as a source of voluntary turnover in the government companies too.

The other consequence of employee turnover is demoralization of existing staffs. Almost all employees of the private and the government insurance companies feel sorry when a colleague quits his/her job. Of course, some feel happy because their friends left the company getting better jobs. All these feelings have a direct impact on the existing employees to follow their friends' footsteps. As the summary of the open-ended questions "How do you feel if someone resigned from your department?" clearly explained that they had become demoralized to the extent of being prevented from accomplishing their job and feel that we are next. Though not most, there are respondents who replied as "good for him/her and we should focus on our job."

Generally, the following are some of the major negative consequences the private insurance companies have faced based on the responses of the existing and ex-employees for the open-ended question "what are the major problems your company has faced because of employees turnover?"

1. ***Dissatisfaction of customers:*** Customers are tired of discussing frequently with newly recruited employees who have little knowledge about insurance and their case particulars.
2. ***Dissatisfied customers shift their business to other insurance companies:*** We can see this from two different angles. Primarily, dissatisfied customers had looked over

competent and stable insurance companies that can serve them best. Secondly, ex-employees who had joined other insurance companies extracted prominent clients of their former companies. Ex-employees could not easily extract EIC's prominent customers since they are mainly government-owned and public organizations.

3. ***Loss of experienced and qualified professionals or staffs:*** The private insurance companies had invested a lot of money in education, training and development to make their employees more experienced and qualified. In addition, it is difficult to get experienced insurance professionals in the local market.
4. ***Shortage of adequate number of staffs that could be promoted to middle and higher level management positions:*** For instance in Nyala Insurance those who are appointed as a manager and acting manager are very young employees who have few years of experience. Since the turnover frequency is very high, it is verging on hopeless to get potential employees who can replace senior officials.
5. ***Leakage of business strategy:*** Even though higher officials of the private insurance companies resist to accept the general truth, most employees who had quit their job joined other insurance companies such that, business strategy, directives, rate charts (a manual insurance companies use as a base for calculating premium) and other necessary and confidential documents are easily accessed by competitors.
6. ***Losing goodwill:*** companies with high labour turnover have distorted images in the external world. This definitely discouraged potential clients from placing or insuring their business in these companies. On the other hand, it also discouraged potential people from being recruited by these companies.

All the above stated negative consequences of the private insurance companies are also the problem of Ethiopian Insurance Corporation. Moreover, EIC is the main source of skilled and experienced insurance professionals to the competitors. One can find a large number of ex-employees of EIC in the private insurance companies while it is very difficult to find a person who joined EIC from the private insurance companies. In other words, all of the ex-employees of EIC who responded for this study are working in different private insurance

companies. In contrast, none of the respondents of the privates' insurance companies' ex-employees are found in EIC.

Though these are related with a number of things, all the above costs, negative consequences and problems that resulted from employee turnover could contribute to production decline, loss of market share, decline in revenue and net profits both in the private and government insurance companies.

#### **4.8 Conclusion**

Employee turnover can be affected by a number of variables. This study had focused on compensation system, promotion policy, working environment and supervisors' behaviour, which could lead to job satisfaction.

In this study, male employees commanded a significant proportion in the selected insurance companies. Thus, both existing and ex male employees are more prevalent than females. Moreover, both in the private and government insurance companies more male employees had left their jobs. Under-35 in age and single employees (both current and ex-employees) hold a tremendous proportion in the private and government companies. This shows that the industry had potential employees that would render service for a long period of time. In the meantime they are also leaving insurance companies because of previously discussed causes.

The study reveals that both the private and government existing and ex-employees are not satisfied with the compensation systems and promotion policies of the industry. On the contrary, current employees of EIC and the private sector, except United, rated their companies' working environment as conducive. However, ex-employees of the private as well as the government were not happy with the overall working environment.

More than two-thirds (73.2 per cent) of the private and half (50.6 per cent) of the government employees intend to quit. The private as well as government insurance companies' employees rated dissatisfaction with promotion policy and low compensation

system as their first and second causes for their intention to quit respectively, whereas, the industry ranked lack of a conducive working environment as the third cause.

However, when it comes to the actual turnover behaviour, working environment was the most significant cause of turnover both in the private and government insurance companies. Furthermore, supervisor behaviour for the private and low compensation system for the government insurance companies were the next most serious causes. Finally, dissatisfaction with the company's promotion policy was placed third for both the private and the government insurance companies.

The present investigation explored differences in determinants of intention to quit and actual voluntary turnover behaviour. The above two paragraphs explain, working environment was the actual cause of voluntary turnover in the industry. While dissatisfaction with promotion policy and low compensation system are the main determinants of voluntary turnover of the industry at present. The difference is primarily due to the insurance industry improvement in its working environment after a lot of employees left their job. Secondly, the industry is affected by the economic activities of the country. Along with the existence of high inflation rate, employees may not be in a position to cover their expenses. As a result, they badly need higher compensation packages and quick promotion policy (it is clear that promotion is mostly related with pay scale). Since actual turnover is more difficult to predict as there are many external factors weighing in on it, concerned bodies should mostly focus on determinants of intention to quit.

Literature has said that employee turnover rates above 20 per cent should be taken as a problem and concerned bodies have to exert much effort to reduce it. Nonetheless, three insurance companies (Nile, Nyala and EIC) turnover rates for the past five years were below the rate of what the theoretical framework has shown. But it does not mean that turnover was not a problem. Since the rate has been increasing at an increasing rate it needs much attention. When we compare voluntary turnover in the industry, the private insurance companies exceed by 100 per cent the government counterpart. Furthermore, TLI ratios and hurt factors of the private were more than the government. Individually, except 2005/6, the annual voluntary turnover rates of Nyala were more than Nile's.

Obviously, employee turnover has some amount of costs. The cost of recruitment, selection and training were salient to the selected insurance companies. Moreover, it had negative consequences such as business shift of prominent clients, loss of experienced and qualified staffs, and decline in production, loss of market share and decline of net profits etc.

Ultimately, from the above discussions we can conclude that insurance companies had faced a lot of causes, costs, and consequences that were mentioned in the theoretical framework of this study. The next chapter will wrap up major findings and recommend strategies to reduce voluntary employees' turnover in the insurance industry.

## Chapter 5

### Summary of Major Findings, Conclusion & Recommendation

In this section the major results of the finding that have been discussed in chapter three and four are concluded, summarized and solutions are proposed.

#### 5.1 Summary of the Findings

This study has resulted in several significant findings. These are listed below in bullet points with brief explanations following where necessary.

- Over two-thirds of the private and half of the government current employees are not satisfied with their respective companies' salary scales. Furthermore, ex-employees of both the private and government insurance companies were not satisfied with their salary in relation with the task they were expected to accomplish.
- Education opportunity, training opportunity, insurance coverage and medical benefit of Nyala and EIC are very good. Benefits that are provided by Nile such as education opportunity, insurance coverage for employees, and medical coverage are above average. On the other hand, Nile and EIC's transportation service provision (transportation allowance distribution) is below average. Likewise, in all of the selected fringe benefits United Insurance S.C. is below average. Overall, except transportation service or allowance provision, Ethiopian Insurance Corporation is better than the private insurances, while United is the worst provider of fringe benefits.
- Both the private and government ex-employees as well as existing employees are not satisfied with their respective companies' promotion policy. Slow promotion, excessive focus on seniority based promotion policy; a lot of responsibility with little remuneration, mismatch of education qualification and years of experience with present positions etc. are the main reasons that are raised by the existing and ex-employees of the private insurance companies. On the other hand, existing and ex-employees of the government raised nepotism, similarity of political ideology and ethnicity with higher officials are the essential criteria to get promotion,

excessive focus on subjective measurements, etc as their causes for the dissatisfaction.

- Except United, all the private and government current employees rated their companies' working environments as conducive, while both the private and government ex-employees were not happy with their former companies' working environment. The two ideas seem contradictory but ex-employees had responded based on on-the-job experience and perceptions have changed.
- Relatively speaking, there is a friendly relationship between supervisors and subordinates in all of the private as well as the government insurance companies. However, it seems better in the private companies. On the contrary, management and supervisor achievement recognition of employees is poor in the private and high in the government insurance companies.
- Around three-fourths of the private and half of the government existing employees intended to quit their jobs. Even though compensation system, promotion policy, workload, education policy, working environment, supervisors' behaviour etc. have contributed to their intention to quit, dissatisfaction with promotion policy and low compensation system are the main causes for the private and government employees as well.
- For the past five years, voluntary turnover rates in the private companies were 100 per cent more than the government insurance company. Individually, except in 2005/6 budget year, the annual voluntary turnover rates of Nile for the past four years were better than Nyala's.
- Senior officers and managerial level (the 3<sup>rd</sup> and 4<sup>th</sup> quartile) turnover in the private as well as government insurance companies were lower than anticipated while two-thirds of the turnover was from the first two quartiles (non managerial positions). Thus, according to voluntary turnover rate and hurt factor calculations, voluntary employee turnover in the insurance industry is not that much a serious problem. But it has been increasing at an alarming rate.

- Like causes for the intention to quit, all the selected determinants had contributed to the actual turnover. However, lack of a conducive working environment was the most significant cause for the actual turnover in the insurance industry. Moreover, supervisors' behaviour for the private and low compensation system for the government were the second leading causes. Lastly, promotion policy was the third cause of turnover in the insurance industry.
- Presumably, the insurance industry had not incurred cost variables different from other industries. Recruitment costs, cost incurred by the human resource department to facilitate the recruitment, selection, training and placement processes, training and development costs, wastage of materials during on the job training etc. were some of the costs all of the selected insurance companies had incurred.
- There were a lot of negative consequences the insurance industry has faced as a result of employee turnover. Those can divide these into three categories:
  1. Negative consequences related to existing employees - demoralization, workload, feeling of "I should be next", stress etc.
  2. Negative consequences related with customers - customer dissatisfaction, poor service delivery, costs associated with shifting of their business to other companies, loss of confidence on the company etc.
  3. Negative consequences related to the company itself - like loss in quality of staffs, leakage of business strategies, decline in production, loss of market share and decline in net profit etc.

## 5.2 Conclusion

Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover (Robert, 2002:395). Employee turnover can be voluntary or involuntary. Voluntary turnover is a major problem in many countries. For instance, in 1995 (the last year for which comparative data was available), the average resignation rates were noted as 3.4 per cent, 2.9 per cent and 2.7 per cent in Singapore, South Korea, and Taiwan respectively (Barnard & Rodgers, 1998 cited in Naresh & Chong, 2001:54).

In Ethiopia turnover is a constant foe for human resource managers of many companies. Following the declaration of market economy and opening up of several companies in various business sectors, it is obvious that the recruitment of employees in various sectors has boosted. Like other sectors, the mobility of employees in the insurance sector has also increased. For instance, annual turnover rate of EIC in 2003/4 was 4.2 per cent while in 2005/6 it was 8.9 per cent in Nyala. However, currently it is 5.7 per cent and 16.8 per cent in EIC and Nyala respectively.

This study articulated two major objectives; first, it measures where voluntary turnover was high (in the private or in the government insurance companies). Secondly, it assesses the major causes of voluntary turnover in the private and government insurance companies.

To accomplish these, three private insurance companies, namely, Nile, Nyala and United and Ethiopian Insurance Corporation from the government were selected as a sample. Stratified and convenience sampling methods were used to select existing and ex-employees from the previously selected insurance companies respectively. Because of the limitation of time and unmanageability, from the three private and government Addis Ababa existing employees 75 and 85 were the selected sample sizes respectively.

The findings of this study revealed that, employee turnover was higher in the private insurance companies (Nyala and Nile) than government insurance company (EIC). This can be explained by the private employees' dissatisfaction in their companies' working environment, dissatisfaction with promotion policy, supervisors' behaviour, low

compensation system, workload and education policy. Unless mandatory retention programs are carried out, still there are more than 70 per cent of the private and half of the government existing employees intend to quit.

Surprisingly, determinants of employees' intention to quit might not be the actual causes of turnover in the insurance industry of Ethiopia. The finding suggests that dissatisfaction with promotion policy and low compensation system are the main causes for the intention to quit in the private insurance companies. Dissatisfaction with promotion policy and low compensation system are the first and the second causes of intention to quit for EIC's employees respectively. On the contrary, working environment was the most significant cause of actual turnover in the industry. Moreover, supervisors' behaviour for the private and low compensation system for the government were the second actual causes. Similarly, dissatisfaction with promotion policy was placed third for actual cause of turnover in the insurance industry,

Employee turnover might not have drawn much attention, if it were not related with costs and negative consequences. There were several costs the insurance industry had faced for the past few years as a result of voluntary turnover. We can classify these costs as tangible and intangible. The tangible costs were incurred directly when replacing employees such as recruitment, selection, training and development costs etc. Intangible costs do not relate directly to out-of-pocket expenses like managerial and staff time.

Apart from these, the stated companies had faced negative consequence of turnover such as shift of business by dissatisfied customers, loss in quality of staffs, leakage of business strategies, workload on existing employees, decline in production, lose of market share and decline in net profit, etc.

Turnover cannot be eliminated completely. In fact, few operators would want such an outcome. New hires can bring new ideas and fresh energy such that a low turnover level is desirable. But turnover can akin to a disease; if left unattended, it gets worse. Despite the attention turnover commands, all of the selected insurance companies have no specific plans for addressing it. The simplest step should be accepting it as a problem, diagnosing important determinants to their particular companies and acting according to it. But rather

than doing these, all the selected insurance companies, mainly the private sector, have stuck to blaming better opportunities of the external environment as a major cause for their turnover problem.

However, the study results hold a number of implications that may give managers a better understanding and lead to seeking important determinants in their particular companies. (Note that, since the study is based on data from only a small number of companies, generalization to other companies should be made with caution). Furthermore, this study has significance for further studies on the relationship of intention to quit and actual turnover behaviour in insurance companies.

Finally, turnover need not cut into companies' profit as a hidden cost. Proper analysis by a management may reveal a higher rate than was observed and point the way to remedial procedures, which, if applied, will result in greater production, more satisfied employees, and greater profits.

### 5.3 Recommendations

So far, different sections and subsections of this paper have summarized the major determinants, cost and consequences of employees' turnover in the insurance industry. This subsection tries to propose what should be done to reduce excessive and unwanted turnover. Experienced managers know that there is no single cure for excessive employee turnover. It is worth considering the following elements, all of which have been shown to play a positive role in improving retention:

- *Take managing turnover seriously:* Too often, managers simply do not give turnover due attention. Many of the insurance human resource managers feel that turnover is not a real problem or that it is the result of poor work ethic and external job opportunity. Managers must realize that turnover is a problem and that something can be done about it. Also, management must realize that management itself is often the cause of unwanted turnover. For instance the actual cause of turnover in the private insurance companies was intolerable behaviour of supervisors. So that the management of all of the identified insurance companies should take managing turnover seriously and diagnose the causes and take necessary actions.
- *A cost/benefit analysis of any program designed to reduce turnover should be made:* Most programs designed to reduce turnover consists of changes, collectively or separately, in job content, compensation practices, promotion policies and career paths, hiring practices, authority and responsibility relationships, and the workflow process. Since such changes can be quite expensive in terms of time, effort, and money, the first step in cost/benefit would be a careful comparison of the costs and they entail with turnover costs (that is, hiring, placement, and training costs-including losses in productivity). Another important element to consider is the impact of such changes on turnover.
- *Reconsider pay scale:* Pay scale in the insurance industry has been inching upward for the past few years, but now the industry's overall rate of pay is far below the finance sector (commercial banks). While money alone cannot solve turnover, the lack of it does provide a good reason for employees to consider leaving. This

suggests insurance companies should scale up their pay by analyzing not only the financial sector but also other industries provision of compensation/salary to their employees.

- *Reconsider the benefit package and implement incentive programs:* The benefit packages of the selected insurance companies are one of the major areas that need adjustment. For instance, the private company, namely Nile, should reconsider its training and transportation benefits. While the other private company, United, must reconsider all of its benefit packages. Similarly, Ethiopian Insurance Company needs to adjust its transportation allowance/service benefit. Overall, the private companies (Nile, Nyala and United) bonus distribution has to be reconsidered again in order to be competitive in the industry. Beside these, implementing incentive programs have significant positive effects on reducing turnover. These programs are stair-stepped in the sense that the longer employees stay, the more incentive they are offered. Thus, these things have to be considered to satisfy and retain employees.
- *Make working environment conducive:* Both the private as well as the government insurance companies should create/make conducive working environment through rearranging their office layout, cope with advanced technologies, creating friendly relationships among colleagues, introducing socialization programs etc.
- *Develop comprehensive and clear promotion policy:* Primarily the stated insurance companies should facilitate awareness creation/refreshment sessions that briefly explain about the objectives, values, missions, directives, policies, strategies, etc of the company. Moreover, it is mandatory to develop more comprehensive and clear promotion policy that facilitates the creation of more rungs on the career ladder for employees interested in advancing. Where promotions are not feasible, look for horizontal moves that vary experience and make the work more interesting.
- *Supervisors' behaviour:* Supervisors with poor interpersonal skills who are also inflexible quickly drive the private insurance companies' employees away. To overcome this, companies should make line managers accountable for staff turnover

in their teams, rewarding managers who retain a good record at keeping people by including the subject in appraisals, train line managers and supervisors in effective supervision before appointing or promoting them, offer re-training opportunities to existing managers and supervisors who have a poor record at keeping their staff and make the relationship of supervisor-subordinate more friendly.

- *Nature of the job:* The level of job challenge and opportunities for career growth and advancement were major factors highly valued by the existing employees of the private as well as the government insurance employees as a source of job satisfaction. Thus, management must consider taking a second look at job content of this level of emphasis. More importantly, however, in light of increasing emphasis on job enrichment, career-planning activities, a comprehensive, well-planned career path and advancement program for managers and professionals should be arranged by the insurance companies.

Finally, there is the long overdue consideration that not all employees react similarly to the retention programs. For instance some view an enriched job as a stimulating new learning experience, while others view it with increased frustration and stress. The important implication for managers is to spend more time and effort not only in diagnosing where changes can be made, but also in identifying and evaluating potential reactions and side effects that can result.

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## Annex A

The nationalized companies by proclamation No. 261/1975 were:

- 1) Imperial Insurance Company
- 2) Ethiopian American Life Insurance Company
- 3) National Insurance Company
- 4) Afro-Continental Insurance Company
- 5) Blue Nile Insurance Company
- 6) African Solidarity Insurance Company
- 7) Lion Insurance Company
- 8) Ethiopian Life Insurance Company
- 9) General Insurance Company
- 10) Pan African Insurance Company
- 11) International Insurance Company
- 12) Union Insurance Company
- 13) Rasai Ethiopian Insurance Company

Annex B

Table 1.1 Profile of Insurance companies in Ethiopia – June 30, 2005

Name of Company	Date of Establishment	Paid-up Capital (on June 30, 2005)	Number of Branches (on June 30, 2005)
National Insurance Co. of Ethiopia (NICE)	1994	7,743,000	12
Awash Insurance Co. (AIC)	1994	30,000,500	15
The United Insurance Co. (UNIC)	1994	30,953,000	17
Africa Insurance Co. (AFIC)	1994	30,000,000	10
Nile Insurance Co. (NILE)	1995	40,000,000	20
Nyala Insurance Co. (NISCO)	1995	30,000,000	15
Global Insurance Co. (GLOBAL)	1997	10,707,500	7
NIB Insurance Co. (NIB)	2002	23,857,000	14
Ethiopian Insurance Corporation (EIC)	1976	61,007,038	27
Total		264,268,038	

*Source:* Hailu 2007. Insurance In Ethiopia: Historical Development, Present status and future challenges, p.268

Table 1.2 shows total turnover rate of EIC, Nyala & Nile

Budget Year	Total No. of employees (EIC, Nyala & Nile)	Total No. of recruited employees (EIC, Nyala & Nile)	Total turnover (EIC, Nyala & Nile)	Turnover Rate (%)
2004/5	1564	-	-	-
2005/6	1626	169	106	6.5
2006/7	1652	131	121	7.3
2007/8	1646	116	124	7.5

*Source:* Own survey

Table 3.17 shows Promotion policy each of the company is following

Name of company	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Nile Insurance S.c	Valid – Merit	2	8.3	8.7	8.7
	Seniority	1	4.2	4.3	13.0
	Seniority cum merit	5	20.8	21.7	34.8
	Other	15	62.5	65.2	100.0
	Total	23	95.8	100.0	
	Missing system	1	4.2		
	<b>Total</b>		24	100.0	
Nyala Insurance S.c	Valid – Merit	5	20.0	20.0	20.0
	Seniority	4	16.0	16.0	36.0
	Seniority cum merit	13	52.0	52.0	88.0
	Other	3	12.0	12.0	100.0
	<b>Total</b>				
United Insurance S.c	Valid – Merit	3	13.6	13.6	13.6
	Seniority	7	31.8	31.8	45.5
	Seniority cum merit	5	22.7	22.7	68.2
	Other	7	31.8	31.8	100.0
	<b>Total</b>		22	100.0	100.0
Ethiopian Insurance Corporation	Valid – Merit	31	37.3	37.3	37.3
	Seniority	10	12.0	12.0	49.4
	Seniority cum merit	21	25.3	25.3	74.7
	Other	21	25.3	25.3	100.0
	<b>Total</b>		83	100.0	100.0

Source: Own survey

Table 3.28 shows rank of job satisfaction resulted from advancement

Types of employees	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Total private insurance companies current employees	Valid- 1 <sup>st</sup> rank	4	5.6	6.3	6.3
	2 <sup>nd</sup> rank	2	2.8	3.1	9.4
	3 <sup>rd</sup> rank	13	18.3	20.3	29.7
	4 <sup>th</sup> rank	20	28.2	31.3	60.9
	5 <sup>th</sup> rank	25	35.2	39.1	100.0
	Total	71	100.0	100.0	
	Missing system				
	<b>Total</b>				
Government insurance company current employees	Valid- 1 <sup>st</sup> rank	7	8.4	10.6	10.6
	2 <sup>nd</sup> rank	10	12.0	15.2	25.8
	3 <sup>rd</sup> rank	10	12.0	15.2	40.9
	4 <sup>th</sup> rank	15	18.1	22.7	63.6
	5 <sup>th</sup> rank	24	28.9	36.4	100.0
	Total	64	80.7	100.0	-
	Missing system	16	19.3	-	-
	<b>Total</b>	83	100.0	-	-

Source: Own survey

Table 3.53 shows response of ex-employees for the question “recognition of your former company management on your great performance on the job was?”

Type of ownership	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Total Private ex-employees	Valid- Very low	9	22.5	22.5	22.5
	Low	11	27.5	27.5	50.0
	Moderate	11	27.5	27.5	77.5
	High	9	22.5	22.5	100.0
	Total	40	100.0	100.0	
Government ex-employees	Valid- Very low	3	20.0	20.0	20.0
	Low	5	33.3	33.3	53.3
	Moderate	4	26.7	26.7	80.0
	High	1	6.7	6.7	86.7
	Very high	2	13.3	13.3	100.0
	Total	15	100.0	100.0	

Source: Own survey

Table 4.1 is there work load if somebody resigned from your department?

Type of ownership	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Total Private employees	Valid- Yes	64	90.1	90.1	90.1
	No	7	9.9	9.9	100.0
	Total	71	100.0	100.0	
Government ex-employees	Valid- Yes	63	75.9	75.9	75.9
	No	20	24.1	24.1	100.0
	Total	83	100.0	100.0	

Source: Own survey

## Annex C

This Questionnaire has to be filled by current employees of the selected insurance companies.

This questionnaire is designed to gather primary data for the topic Employees turnover in the insurance industry: a comparative study of private and government insurance companies.

Since the study has the primary purpose for the partial fulfilment of academic requirement for Masters in Public Administration, the researcher would like to assure you that any information you provide will be confidential. So don't hesitate to respond openly and freely.

Finally the researcher would like to thank in advance for the great effort you would make in filling this questionnaire.

**Instruction:**

- This questionnaire has seven sections which are related to the study. So please put a tick mark (✓) for all of the objective questions and write briefly to the open ended questions.

**I- PROFILE-** These questions are asked to get general information about the respondent of this questionnaire.

Age	less than 25	<input type="checkbox"/>
	25 – 35	<input type="checkbox"/>
	36 – 45	<input type="checkbox"/>
	Above 45	<input type="checkbox"/>
Sex	Male	<input type="checkbox"/>
	Female	<input type="checkbox"/>
Marital Status	Single	<input type="checkbox"/>
	Married	<input type="checkbox"/>
	Divorced	<input type="checkbox"/>
	Widowed	<input type="checkbox"/>
	Separated	<input type="checkbox"/>
Educational Status	Diploma	<input type="checkbox"/>
	Degree	<input type="checkbox"/>
	Masters	<input type="checkbox"/>
	PhD	<input type="checkbox"/>

Monthly Income	Below 1000	<input type="checkbox"/>
	1000 – 1500	<input type="checkbox"/>
	1501 – 2000	<input type="checkbox"/>
	2001 – 2500	<input type="checkbox"/>
	2501 – 3000	<input type="checkbox"/>
	3001 – 3500	<input type="checkbox"/>
	Above 3500	<input type="checkbox"/>

Current position \_\_\_\_\_

1. Do you financially support other people?

Yes

No

1.1 If your response to Question No. 1 is “Yes”, how many people?

\_\_\_\_\_

2. How many years have you worked in this company?

Less than 2 years

2 – 5 years

6 – 9 years

10 – 14 years

More than 14 years

3. How many organizations have you worked? \_\_\_\_\_

4. How many insurance companies have you worked including the current company? \_\_\_\_\_

## **II- JOB SATISFACTION**

Job satisfaction: - The following questions and statements will try to measure how the respondent is satisfied or dissatisfied by the promotion, compensation, working environment and supervision of the company.

5. Are you satisfied with your current position?

Yes

No

5.1. If your response to Question No.5 is "Yes" or "No", Please write your reasons.

6. Is your salary adequate in relation to the task you are expected to accomplish?

Yes

No

7. Do you have the autonomy to accomplish your task?

Yes

No

8. Is working in insurance company boring?

Yes

No

9. Are you satisfied with the company's promotion policy?

Yes

No

9.1. If your response to Question No. 9 is "No", why?

10. Five elements that can lead you to job satisfaction are listed below. Please rank them from 1 to 5 with 1 being the most critical to 5 being the less critical to you.

- |                        |                      |
|------------------------|----------------------|
| Achievement            | <input type="text"/> |
| Recognition            | <input type="text"/> |
| The nature of the work | <input type="text"/> |
| Responsibility         | <input type="text"/> |
| Advancement            | <input type="text"/> |

**III- ORGANAZATIONAL COMMITMENT:** - The following questions are related to your organizational commitment.

11. How did you perceive your company before you join it?

- |               |                      |
|---------------|----------------------|
| Very positive | <input type="text"/> |
| Positive      | <input type="text"/> |
| No idea       | <input type="text"/> |
| Negative      | <input type="text"/> |
| Very negative | <input type="text"/> |

12. What is your attitude towards your company now?

- |               |                      |
|---------------|----------------------|
| Very positive | <input type="text"/> |
| Positive      | <input type="text"/> |
| Neutral       | <input type="text"/> |
| Negative      | <input type="text"/> |
| Very negative | <input type="text"/> |

No	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
13	I am proud of this company.					
14	I am doing my best to achieve the company's objectives.					
15	I am willing to tell to the external environment how my company is nice.					
16	I feel that this is the place where I should stay long.					

17. Are you committed to the organization?

Yes

No

17.1. If your response to Question no. 17 is "Yes", please write what you have done that shows your commitment.

17.2. If your response to Question No. 17 is "No", why?

**IV- WORKING ENVIRONMENT** This section has questions that are related to your companies working environment such as employees' relation, facilities provided by the company etc.

18. How do you rate your department's working environment?

Very good

Good

Indifferent

Bad

Very bad

19. What kind of relationship exists in your company?

- Very friendly
- Friendly
- Undetermined
- Hostile
- Very hostile

20. Your interpersonal relationship with your department/branch colleagues is

- Very positive
- Positive
- Indifferent
- Negative
- Very negative

21. Conducive working environment has no impact on you to stay in this company.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

22. Is working environment have an impact on your job performance?

- Yes
- No

22.1. If your response to Question No. 22 is "Yes" or "No", please write your reasons.

**V- SUPERVISION AND MANGEMENT OF THE COMPANY**

This section has questions that are related to supervisors' and management's ability, behaviour and relationship with subordinates.

23. How do you rate your company's subordinate-supervisor relationship?

- Very bossy
- Bossy
- Neither bossy nor friendly
- Friendly
- Very friendly

No.	Subject	Very high	High	Medium	Low	Very low
24	Supervisors ability to lead					
25	Supervisors interference on your job					
26	Supervisors recognize or award you for your great achievement on the job.					
27	Accessibility of the management					
28	Management's ability to lead					
29	Recognition by the management for your best contribution to the company					



30. Does your supervisor have an impact on you for the intension to leave the company?

Yes

No

30.1. If your response to Question No. 30 is "Yes", how?

30.2. If your response to Question No. 30 is "No", why?

31. What do you feel about management style of your company?

Extremely democratic (extremely participatory)

Democratic (participatory)

No idea

Autocratic (not participatory)

Extremely autocratic (extremely not participatory)

32. My boss's ability to supervise

Greatly discouraged me from contributing my best

Discouraged me from contributing my best

Has no impact on me

Encouraged me to contribute my best

Greatly encouraged me to contribute my best

**VI- ORGANIZATIONAL POLICY, RULES AND REGULATIONS**

Questions related to directives, personnel and other polices are provided in this section.

33. Rules and regulations of the company are applied for every staffs equally.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

34. New employees are not hired based on the personnel policy of the company.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

How do you rate your company's personnel policy on the following employee benefits?

No.	Employee Benefits	Very good	Good	Fair	Poor	Very poor
35	Education opportunity					
36	Training opportunity					
37	Bonus					
38	Insurance cover					
39	Medical benefit					
40	Transportation service					

41. Directives that affect employees are issued without the consent of employees.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

42. Promotion policy of the company is based on

- Merit (competence)
- Seniority
- Seniority cum merit (Considers 1<sup>st</sup> Seniority then Merit)
- Other (please specify) \_\_\_\_\_

43. It is possible to be promoted if you have good connection with high rank officials of the company.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

**VII- TURNOVER INTENSION:** This section has questions that emphasised on turnover intension and related agenda.

44. Is employee turnover a problem to this company?

- Yes
- No

44.1. If your response to question No. 44 is "Yes" or "No", please write your reasons.

45. Do you want to stay in this company?

Yes

No

45.1. If your response to Question No. 45 is "Yes", why?

45.2. If your response to Question No.45 is "No", what conditions exactly should be improved by the company in order to retain you?

46. Is there any body who has resigned from your department?

Yes

No

46.1. If your response to Question No. 46 is "Yes", how do you feel when he/she resigned?



47. Is there work load if someone resigned from your department?

Yes

No

48. Is an exit interview essential for the company?

Yes

No

48.1. If your response to Question No. 48 is "Yes" or "No", please write your reasons.

49. How fast is the company to replace the vacant post?

Very fast

Fast

Neither fast nor slow

Slow

Very slow

No.	Statements	Strongly agree	Agree	Neither agrees nor disagrees	Disagree	Strongly disagree
50	I would like to leave the company if things are continue like this					
51	Under any condition I will never leave this company voluntarily					
52	I will tell frankly the reason if I quit					

53. Would you list any conditions that have an impact on your intention to leave the company?

54. What are the major problems the company has faced because of employee turnover?

55. Some elements that prevent dissatisfaction are listed below. Please rank them 1 to 5 with 1 being the most critical to 5 being the less critical.

Salary and fringe benefits

Conducive working environment

Promotion policy

Good supervisor-subordinate relationship

Interpersonal relationship

56. These are the major causes of turnover. Please rank them from 1 to 5 with 1 being the most critical to 5 being the less critical to you.

- |                        |                          |
|------------------------|--------------------------|
| Compensation system    | <input type="checkbox"/> |
| Promotion policy       | <input type="checkbox"/> |
| Working environment    | <input type="checkbox"/> |
| Supervisors' behaviour | <input type="checkbox"/> |
| Education opportunity  | <input type="checkbox"/> |

57. Please rank the most responsible body to reduce employee turnover in your company.

- |                           |                          |
|---------------------------|--------------------------|
| Human resource department | <input type="checkbox"/> |
| Board of directors        | <input type="checkbox"/> |
| The managing director     | <input type="checkbox"/> |
| Immediate supervisor      | <input type="checkbox"/> |
| Management of the company | <input type="checkbox"/> |

58. What do you suggest to retain employees of your company?

59. If you have any comments, suggestions and recommendations, please write.

\_\_\_\_\_///\_\_\_\_\_

**ONCE AGAIN THANK YOU FOR YOUR COOPERATION**

## Annex D

This Questioner has to be filled by ex-employees of the selected insurance companies.

This questionnaire is designed to gather primary data for the topic Employees turnover in the insurance industry: a comparative study of private and government insurance companies.

Since the study has the primary purpose for the partial fulfilment of academic requirement for masters in public Administration, the researcher would like to assure you that any information you provide will be confidential. So don't hesitate to respond openly and freely.

Finally the researcher would like to thank in advance for the great effort you would make in filling this questionnaire.

Instruction:

- This questionnaire has seven sections which are related to employee turnover. So Please put a tick mark (✓) for all of the objective questions and write briefly to the open ended questions.

**I- PROFILE-** These are general information questions about the respondent of this questionnaire.

Age	less than 25	<input type="checkbox"/>
	25 – 35	<input type="checkbox"/>
	36 – 45	<input type="checkbox"/>
	Above 45	<input type="checkbox"/>
Sex	Male	<input type="checkbox"/>
	Female	<input type="checkbox"/>
Marital Status	Single	<input type="checkbox"/>
	Married	<input type="checkbox"/>
	Divorced	<input type="checkbox"/>
	Widowed	<input type="checkbox"/>
	Separated	<input type="checkbox"/>
Educational Status	Diploma	<input type="checkbox"/>
	Degree	<input type="checkbox"/>
	Masters	<input type="checkbox"/>
	PhD	<input type="checkbox"/>

Monthly Income	Below 1000	<input type="checkbox"/>
	1000 – 1500	<input type="checkbox"/>
	1501 – 2000	<input type="checkbox"/>
	2001 – 2500	<input type="checkbox"/>
	2501 – 3000	<input type="checkbox"/>
	3001 – 3500	<input type="checkbox"/>
	Above 3500	<input type="checkbox"/>

(i) Write your position in the former company \_\_\_\_\_

(ii) Please state your current organization and position \_\_\_\_\_

---

(iii) How many organization have you worked? \_\_\_\_\_

(iv) How many insurance companies have you worked? \_\_\_\_\_

1. Do you financially support other people?

Yes

No

1.1. If your response to Question No. 1 is “Yes”, how many people?

\_\_\_\_\_

2. How many years have you worked in your former company?

Less than 2 years

2 – 5 years

6 – 9 years

10 – 14 years

More than 14 years

## **II- JOB SATISFACTION**

Job satisfaction: - The following questions and statements will try to measure how the respondent is satisfied or dissatisfied by the promotion, compensation, working environment and supervision of the company.

3. Were you satisfied with your position in the former company?

Yes

No

3.1. If your response to Question No.3 is "Yes" or "No", Please write your reasons.

4. Do you think that your salary was adequate in relation to the task you were expected to accomplish?

Yes

No

5. Did you have the autonomy to accomplish your task?

Yes

No

6. Is working in insurance company boring?

Yes

No

7. Were you satisfied with your former company's promotion policy?

Yes

No

7.1 If your response to Question No. 7 is "No", why?

8. Five elements that can lead you to job satisfaction are listed below. Please rank them from 1 to 5 with 1 being the most critical to 5 being the less critical to you.

- |                        |                      |
|------------------------|----------------------|
| Achievement            | <input type="text"/> |
| Recognition            | <input type="text"/> |
| The nature of the work | <input type="text"/> |
| Responsibility         | <input type="text"/> |
| Advancement            | <input type="text"/> |

**III- ORGANAZATIONA COMMITENT:** -The following questions are related to your organizational commitment.

9. What was your attitude towards your former company when you were an employee?

- |               |                      |
|---------------|----------------------|
| Very positive | <input type="text"/> |
| Positive      | <input type="text"/> |
| No idea       | <input type="text"/> |
| Negative      | <input type="text"/> |
| Very negative | <input type="text"/> |

10. What is your attitude towards your former company at present?

- |               |                      |
|---------------|----------------------|
| Very positive | <input type="text"/> |
| Positive      | <input type="text"/> |
| Neutral       | <input type="text"/> |
| Negative      | <input type="text"/> |
| Very negative | <input type="text"/> |

No	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
11	I am still proud since I was a staff of my former insurance company.					
12	I had done my best to achieve my former company's objectives.					
13	Still I am not willing to speak how my former company was nice.					
14	I feel that my former insurance company was the place where I should have stayed long.					

15. Do you think that you were committed to your former company?

Yes

No

15.1. If your response to Question No. 15 is "Yes", please write what you have done that shows your commitment.

15.2. If your response to question No. 15 is "No", why?

**IV- WORKING ENVIRONMENT:** The following questions are related to the working environment of your former insurance company.

16. How do you rate your former company's working environment?

Very good

Good

Indifferent

Bad

Very bad



17. What kind of relationship had existed in your former company?

Very friendly

Friendly

Neutral

Hostile

Very hostile

18. Your interpersonal relationship with your department/branch colleagues was

Very positive

Positive

Indifferent

Negative

Very negative

19. Conducive working environment had no impact on you to stay in your former company.

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

20. Is working environment had an impact on your job performance?

Yes

No

20.1. If your response to Question No. 20 is "Yes", how?

20.2 If your response to Question No. 20 is “No”, why?

**V- SUPERVISION AND MANGEMENT OF THE COMPANY**

This section has questions that are related to supervisors’ and management’s ability, behaviour and relationship with subordinates.

21. How do you rate your former company’s subordinate-supervisor relationship?

- Very bossy
- Bossy
- Neither bossy nor friendly
- Friendly
- Very friendly

No.	Subject	Very high	High	Medium	Low	Very low
22	How was your supervisor ability to lead?					
23	How was your supervisor interference on your job?					
24	Your supervisor recognition for the great work you had done.					
25	Accessibility of the management was					
26	Ability of the management to lead was					
27	Recognition by the management for your best contribution to the company was					

28. What was your feeling about the management style of your previous company?

- Extremely democratic (extremely participatory)
- Democratic (participatory)
- No idea
- Autocratic (not participatory)
- Extremely autocratic (extremely not participatory)

29. My supervisor's ability to supervise

- Extremely discouraged me from contributing my best
- Discouraged me from contributing my best
- Has no impact on me
- Encouraged me to contribute my best
- Extremely encouraged me to contribute my best

30. Had your supervisor have an impact on your intention to leave the company?

- Yes
- No

30.1 If your response to Question No 30 is "Yes", how?

30.2 If your response to Question No 30 is "No", why?

## **VI- ORGANIZATIONAL POLICY, RULES AND REGULATIONS**

Questions related to directives, personnel and other polices are provided in this section.

31. Rules and regulations of the company were applied for every staffs equally.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

32. New employees were hired based on the personnel policy of the company.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

How do you rate your former company's personnel policy on the following employee benefits?

No.	Employee Benefits	Very good	Good	Fair	Poor	Very poor
33	Education opportunity					
34	Training opportunity					
35	Bonus					
36	Insurance cover					
37	Medical benefit					
38	Transportation service					

39. Directives that affect employees were issued without the consent of employees.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

40. Promotion scheme of the company was based on

- Merit
- Seniority
- Seniority cum merit (Considers 1<sup>st</sup> Seniority then Merit)
- Other (please specify) \_\_\_\_\_

41. If you had had good connection with high rank officials of the company, you would have gotten promotion.

- Strongly agree
- Agree
- Neither agrees nor disagrees
- Disagree
- Strongly disagree

**VII- TURNOVER INTENSION:** These questions are related to turnover intention and major causes for employee turnover.

42. How did you feel if someone resigned from your department?

- I strongly felt bad
- I felt bad
- No difference to me
- I felt happy
- I strongly felt happy

43. How fast was your former company in replacing vacant post?

- Very fast
- Fast
- Undetermined
- Slow
- Very slow

44. Was there work load if someone resigned from your department?

- Yes
- No

45. Had you made an exit interview when you quit the company?

- Yes
- No

45.1. If your response to Question No.45 is "Yes", did you tell everything frankly?

- Yes
- No

45.1.1. If your response to Question No 45.1 is "No", why?

46. Is an exit interview essential for the company?

- Yes
- No

46.1 If your response to Question No. 46 is "Yes", how?

46.2 If your response to Question No 46 is "No", why?

47. Have you ever regretted by your decision of leaving the company?

Please write your reasons briefly.

48. Some elements that prevent dissatisfaction are listed below. Please rank them 1 to 5 with 1 being most critical to 5 being the less critical to you.

- |  |                          |
|--|--------------------------|
| Salary and fringe benefits             | <input type="checkbox"/> |
| Conducive working environment          | <input type="checkbox"/> |
| Promotion policy                       | <input type="checkbox"/> |
| Good superior-subordinate relationship | <input type="checkbox"/> |
| Interpersonal relationship             | <input type="checkbox"/> |

49. Some factors of employee turnover are listed below. Please rank them from 1 to 5 with 1 being the most critical cause to 5 being the less critical to your actual turnover.

- |                        |                          |
|------------------------|--------------------------|
| Compensation system    | <input type="checkbox"/> |
| Promotion policy       | <input type="checkbox"/> |
| Working environment    | <input type="checkbox"/> |
| Supervisors' behaviour | <input type="checkbox"/> |
| Education policy       | <input type="checkbox"/> |

50. What are the major problems your former company has faced because of employee turnover?

51. Please rank the most responsible body to reduce employee turnover in your former company. (1 being the most critical to 5 being the less critical)

Human resource department

Board of directors

The managing director

Immediate supervisor

Management of the company

52. Why you left the company? (Please respond this question if your response is different from question no 49).

53. What do you suggest to your former company in order to retain its employees?

54. If you have anything to say, please write.

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**ONCE AGAIN THANK YOU FOR YOUR COOPERATION**

## Annex E

This questionnaire has to be filled by the human resource manager of the selected Insurance companies.

These questions are designed to gather primary data for the topic Employees' turnover in the insurance industry: a comparative study of private and government insurance companies.

Since the study has the primary purpose for the partial fulfilment of academic requirement for Masters in Public Administration, the researcher would like to assure you that any information you provide will be confidential. So don't hesitate to respond openly and freely.

Finally the researcher would like to thank in advance for the great effort you would make in responding these questions.

### **General Instruction:**

- This questionnaire has seven sections which are related to the study. So please put a tick mark (✓) for all of the objective questions and write briefly to the open ended questions.

## I- Policy Questions

This section has questions that are related to your company's promotion, compensation, recruitment etc. policies.

1. From the following promotion policies, which one has your company used?

Seniority based

Merit (competence) based

Seniority cum merit based (consider 1<sup>st</sup> seniority then merit)

Other (please specify) \_\_\_\_\_

1.1. Why?

2. Is your company's promotion policy allows employees to grow up fast? Please explain.

3. How do you rate your company's financial compensation policy?

Extremely fair

Fair

Undetermined

Unfair

Extremely unfair

4. Is compensation system of your company fair when you compare with other insurance companies?

Yes

No

4.1. If your answer to Question No. 4 is no, are you going to revise the compensation system?

Yes

No

5. Is there any dissatisfaction among your employees over the pay and other compensation schemes of the company?

Yes

No

5.1 If your response to Question No. 5 is "Yes", why?

5.2 If your response to Question No. 5 is "No", how?

6. How fast is your company in replacing a vacant post?

Very fast

Fast

Neither fast nor slow

Slow

Very slow

7. Have you ever taken into consideration employee's age during recruitment process?

Yes

No

8. Have you ever taken into consideration employee's gender during recruitment process?

9. Do you conduct an exist interview in your company?

Yes

No

**Please answer the following questions if your response to Question No. 9 "Yes".**

9.1. Who is going to conduct the exit interview?

9.2. Why employment termination occurred in your company?

9.3. Do you think that employees will tell frankly the reason why they quit their job during an exit interview?

Yes

No

9.4. Do you take corrective measures on the dissatisfaction gathered from employees during an exit interview?

Yes

No

9.4.1. If your response to Question no. 9.4 is "Yes", explain the suggestions and the measures that have taken.

9.4.2. If your response to Question no. 9.4 is "No", why not?

**Please answer the following question if your response to Question No. 9 is “No”.**

9.5. If your company does not conduct an exist interview, how do you get information such as why he/she quits?, how is his/her intension to the company...etc.

## **II- Employee turnover**

This section has questions that are directly or indirectly related to employee turnover, costs of turnover, and retention mechanisms.

10. Is employee turnover a problem to your company?

Yes

No

10.1. If your response to Question No. 10 is “Yes”, is the management worry about it?

Yes

No

10.2. If your response to Question No. 10 is “No”, why?

11. As a human resource manager what is/are the major causes of employee turnover in you company? Why?

12. Have you ever calculated how much cost does your company incurred per employee during the recruitment process?

13. Does employee turnover has a positive impact such as displacement of poor performers, infusion of new knowledge etc. to your company? Would you please explain?

14. Could you explain us the major problems that the company has faced because of employee turnover?

15. Have you ever recognized the negative consequences of employee turnover such as operational disruption, demoralization of employee and others?

Yes

No

15.1. If your response to Question No. 15 is "Yes", what measures have you taken to solve the problem?

15.2. If your response to Question No. 15 is "No", why?

16. When do you worry more?

When a higher official quits his/her job

When anybody quits his/her job

I don not worry if anybody quits his/her job

Other (please specify) \_\_\_\_\_

16.1. Why?

17. Does your company's higher officials lobby an employee to change his/her mind whenever he/she decides to quit?

Yes

No

17.1. If your response to Question No. 17 is "Yes", for what kinds of employees?

17.2. If your response to Question No. 17 is "No", why?

18. Is your company's recruitment policy contributes to labor turnover?

Yes

No

19. How do you manage the workload if someone leaves the company?

20. Who are/is the most responsible body to reduce employee turnover in your company?

The managing director

Human resource manager

Board of directors

The management

Supervisors

Others (please specify) \_\_\_\_\_

21. What measures have you taken to reduce employee turnover?

### III- Working condition and employees relationship

This section has questions that are focused on working condition (environment) subordinate-supervision relationship and other related issues.

22. Is your company more comfortable for employees than other companies?

Yes

No

22.1. If your response to Question No. 22 is "Yes", how?

22.2. If your response to Question No. 22 is "No", why not?



23. Have you ever taken any measure to make the working condition (environment) conducive?

Yes

No

23.1. If your response to Question No. 23 is "Yes", would you explain the measures you have taken.

23.2. If you response to Question No. 23 is "No", why?

24. How do you rate supervisor-subordinate relationship?

Very friendly

Friendly

Not determined

Hostile

Very hostile

25. Is there a smooth relationship between the management and employees?

Yes

No

26. Is your current organizational structure suitable for quick promotion?

Yes

No

26.1. If your response to Question No. 26 is "Yes", how?

26.2. If your response to Question No. 26 is "No", why not?

27. Have you ever revised your organizational structure to reduce employee turnover?

Yes

No

28. Have you worried about employees facilities?

Yes

No

29. As a human resource manager, please list and explain major problems of your company?

30. If you have any comments, suggestions and recommendations please write.

\_\_\_\_\_///\_\_\_\_\_

**Once again thank you for your cooperation**

## Declaration

I, the under signed, declared that this thesis is my original work and has not been presented for a degree in other University, and that all sources of materials used for the thesis have duly acknowledged.

### Declared by:

Name: YONAS TAMIRU

Signature: 

Date: 15 July 2008

### Confirmed by the Advisor

Name: Mulgeta Abebe

Signature: 

Date: July 16, 2008

Place and date: \_\_\_\_\_