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MANAGEMENT RESPONSE TO EMPLOYEE TURNOVER IN A BANKING INDUSTRY IN ETHIOPIA

A Thesis Submitted to the Graduate Program of the Department of Management
and the College of Business and Economics of Addis Ababa University
in Partial Fulfillments of the Requirements for the Degree of
Master of Science in Management
(INNOVATION)

By

Tesfaye Bezu (GSE/7754/09)

Addis Ababa University
Addis Ababa
June, 2019

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Declaration

I, the undersigned, declare that this thesis research project is my own work and it has not been submitted anywhere for any award. When other sources of information have been used, they have been duly acknowledged.

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CERTIFICATION OF APPROVAL

I certify that I have read Management response to employee turnover in a banking industry in Ethiopia by Tesfaye Bezu Yohannes and that in my opinion this work meets the criteria for approving a thesis submitted in partial fulfillment of the requirement for the degree of Master of Science in Management in innovation at Addis Ababa University.

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Abstract

The main objective of this research is to identify the major factors influencing employee turnover and management response in Ethiopian bank industry and provide professional advices that would help the bank to reduce turnover and retain its competent personnel. Both quantitative and qualitative methods were used to gather information through the utilization of a questionnaire and interviews. In order to collect primary data, a questionnaire was designed and administered to both current and ex-employees of bank industry. In addition, interview was conducted with the management of banks and the HR department personnel. The primary data was collected by distributing structured questionnaire for 225 bank employees of seven banks by using stratified random sampling. The study showed detailed discussion of major causes for professional employees' turnover such as salaries and benefits, work environment, work environment, relationship of management and supervisor with their subordinates, hopping job and related factor, and management approach as a reason for turnover to leave or stay and management response in employment turnover. Therefore the researcher has recommended that the bank has to revise its compensation policy like salary scale and other benefit package, smooth relationship between management and employees and creates good working environment in order to reduce turnover intention and retain its employee.

Key words: employee turnover, HR, Management response

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financial institutions are those organizations which are involved in providing various types of financial services to their customers. The financial institutions are controlled and supervised by the rule and regulations delineated by governmental authorities. The principle function of financial institutions is to collect funds from different customer those who saving some amount of money and direct the fund to various financial services provides in search for those funds. From this financial institution banking industry is the one.

Banking is one of the most important and significant businesses all over the world through acceptance of deposit of money from persons who do not need it at the present and lending it to persons who want it for investment, serve as financial intermediaries thereby providing ideal source of fund for investment that is crucial in increasing production, exports, creation of jobs and foreign exchange earnings of the country. Banks are vital institutions in any society as they significant to the development of an economy through facilitation of business.

Today banks play a vital role in financial sector for the development of economy of the country by playing a positive role in encouraging savings by providing an incentive to save through payment of interest on deposits/savings and providing safety and security. Saving is also an important source of future investment and the improvement of the living standards of the society.

Banks can facilitate economic activity by providing financing, guarantees and other services to entrepreneurs (Levine, 2005). While access to external funds is important for domestic production, it is especially important for exporting firms (Foley and Manova, 2014).It plays a very essential role in strengthening the entire financial structure of the economy and in addition to this it also contributes towards the development of overall economy of a country, and Ethiopia is not exception from this scenario.

In this stiff business completion and business process especially in financial industry skilled man or human resource is a backbone for the bank sector. Employees are seen as a valuable resource

that can contribute in various ways to the company activities. In service based industries like banks employees take an increasing role in driving profitability of the bank but some companies do not possess the skills needed to retain employees. In other hand most organizations around the world are concerned with high employee turnover ratio as it is a costly expense to the organizations (Samuel and Chipunza, 2009).

Employee turnover refers to the amount of movement that employees make in and out of an organization (Clarke 2010). Employee turnover is a term that applies to employees who leave the company due to termination, taking a better job, or because they felt there was no room for growth, or worse, that they were dealing with a hostile or discriminatory work environment. A turnover rate says more about a company than it does an employee. A high turnover rate typically means working conditions are not optimal, pay is below market average, or staffers are not well trained. Concurrently, a low turnover rate is indicative of a work environment where staffers feel appreciated, work as a team, have room to move up the corporate ladder, and are satisfied with their job.

Although there is no ordinary context for understanding employee turnover as a whole numerous researches have been conducted on the factors that contribute to that turnover. According to Zuber (2001) that employees are more likely to stay with an organization if their career growth prospects are guaranteed and if they feel satisfied working with the organization.

In the banking sector uncontrolled employee turnover can destroy management's quest for sustainable profitability. The banking industry is dynamic and to a large extent volatile if mechanisms for employees are not structured (Foon 2010).

Even if there are numerous factors that contribute to employee turnover in a banking industry this study focuses on cause of employee turnover and management response on employee turnover in a bank industry in Ethiopia.

1.2 Statement of the Problem

In Ethiopian in the banking industry employee turnover at any time it costs both in time and money it takes to recruit, interview, hire and train a new staffer. It is therefore important that the banking industry adequately motivates, retains a skilled and experienced workforce.

Employee turnover is attributed to lack of career growth opportunities, lack of promotion, incentives and lack of benefit package.

It is obvious that the existing banks expand the network of their branches so this may lead the competition gets tougher and recruiting and retaining qualified and experience employee tight job market become fen pose up as a great challenge for the banks.

This research examined the causes of employee turnover and management response for professional employee turnover in a bank industry in Ethiopia. The study utilized data extracted from both current and ex-employees of bank by designed and administered a questionnaire which included the individual reasons given for leaving the organization and the response of the bank management to reduce employee turnover and in addition interview was conducted with the management and of the department personnel of HR.

1.3 Research Questions

This study primarily focuses on answering the following basic research questions in order to address the problem stated

- Why does professional and experienced employee leave the bank?
- What are the causes of employee turnover in a bank industry?
- What are the responses of bank management to employee turnover?

1.4 General Objective

The main objective of this study is to identify the major causes behind the turnover of professional employee turnover in a bank industry and management response towards this problem and providing advice to reduce turnover and retain its experienced staff.

1.5 Specific Objectives

Specifically, the research has been conducted to;

- To identify the cause of professional and experienced employee turnover.

- To examine the management response to employee turnover.

1.6 Significance of the study

The significance of this research is:

- It helps the banks to realize the magnitude of its employee turnover and to take correct measurement to reduce professional employee turnover
- It may be serving as a reference material for those who are interested for further analysis in the area.

1.7 Scope and Limitations of the study

The scope of the study is mainly delimited to data obtained from annual reports, financial publications, manuals, research papers and source documents gathered from the National Bank of Ethiopia, Commercial Bank of Ethiopia and from other private banks.

Due to time and financial limit, this research paper was delimited to geographical area and the sample was restricted in Addis Ababa. For this research paper the researcher used questionnaires and interview tools for the study and this research also further delimited to number and type of respondent.

CHAPTER TWO

LITRETURE REVIEW

2.1 A Brief History of Commercial Banking Industry in Ethiopia

A reference to the Ethiopian history reveals that the first bank in the country, Bank of Abyssinia was founded during the reign of Emperor Minilik the II in Feb. 1905. Due to foreign domination of its management (mainly the British), the then bank of Abyssinia was forced to dissolve and in its place was established the Bank of Ethiopia in 1931 whose management was still left to foreigners due to the then lack of skilled manpower in the country. The Bank of Ethiopia was later replaced by the state bank of Ethiopia soon after the war with Italy. The latter was the first bank in the country fully controlled and owned by the Ethiopian government. In the meantime, however, a number of foreign banks had opened their branches in the country, most of them with an interest to have control over the nation's economy. It was the State Bank of Ethiopia that gave rise to the present Commercial Bank of Ethiopia (CBE) and the National Bank of Ethiopia (NBE). These two separate entities came into being in 1963. At present, there are eighteen Banks out of which 16 are private and the remaining two state-owned.

In order to accelerate the economic growth process the current government of Ethiopia has embarked on a number of reforms to improve the efficiency and competitiveness of the banking sector.

2.2 Definition of Employee Turnover

It is well known that employee turnover intention is a well-known subject to the organization in any business culture and industry. It is one of the most important topics that need due considerations for workplace. Hence employee turnover becomes one of the major human resource problems of most organizations.

Employee turnover is a term that applies to employees who leave the company due to termination, taking a better job, or because they felt there was no room for growth, or worse, that they were dealing with a hostile or discriminatory work environment. A turnover rate says more

about a company than it does an employee. A high turnover rate typically means working conditions are not optimal, pay is below market average, or staffers are not well trained. Concurrently, a low turnover rate is indicative of a work environment where staffers feel appreciated, work as a team, have room to move up the corporate ladder, and are satisfied with their jobs.

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Employee turnover is basically a simple measure. It is the number of employees you must replace due to resignations and other separations during a given time period. Employee turnover is usually expressed as employee turnover rate; that is, as the percentage of your employees who leave. A common time interval for measuring employee turnover is a month. (William Adkins 2017)

There is good turnover and bad turnover. When a highly valued employee leaves your organization that is bad. When an employee who does not live by your organizations values leaves, they can brighten up the whole office on their way out.

2.3 Types of turnover

One of the most critical issues facing organizations today is how to retain the employees they want to keep. Employees leave organizations for all sorts of reasons. Some find a different job, some go back to school, and some follow a spouse who has been transferred out of town. Others retire, get angry about something and quit on impulse, or never intended to keep working after earning a certain amount of money. Still others get fired or laid off, or they come into money (a lottery win, an inheritance) and decide they no longer need a job. All of these examples represent turnover, but they don't all have the same organizational implications. To distinguish their implications, we need to define types of turnover.

2.3.1 Involuntary Employee Turnover

Employee termination for poor job performance, absenteeism or violation of workplace policies is called involuntary turnover – also referred to as termination, firing or discharge.

It's involuntary because it wasn't the employee's decision to leave the company. Layoffs could also be considered involuntary terminations, though layoff procedures usually are handled differently from termination.

Some layoffs have certain federal and state provisions that aren't afforded to employees who are fired because of performance or policy violations. Involuntary turnover is initiated by the organization; for instance, a company dismisses an employee due to poor performance or an organizational restructuring

2.3.2 Voluntary Employee Turnover

When an employee leaves the company of her own volition, it's called voluntary termination. Employees give a number of reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area or dealing with a personal matter that makes it impossible to work. When an employee voluntarily terminates the employment relationship, she/he generally gives the employer verbal or written notice of intent to resign from her job. Voluntary turnover is initiated by the employee; for example, a worker quits to take another job. To manage voluntary turnover in your organization, you need an in-depth understanding of why employees leave or stay with organizations in general, as well as strategies for managing turnover among valued workers in your company.

2.3.2.1 Functional turnover

Dismissal of an inefficient employee due to agreement of both parties, proposing an employee a more favorable offer to leave functional turnover does not hurt an organization. Examples of this type of turnover include the exit of poor performers or employees whose talents are easy to replace.

This distinction between functional and dysfunctional turnover is relative. What makes an employee valuable and difficult to replace will vary by job, organization, industry, and other factors.

2.3.2.2 Dysfunctional turnover

Dysfunctional turnover refers to the exit of effective performers. Dysfunctional turnover is harmful to the organization and can take numerous forms, including the exit of high performers and employees with hard-to-replace skills, departures of women or minority group members that

erode the diversity of your company's workforce, and turnover rates that lead to high replacement costs. Dysfunctional turnover also subdivided into avoidable and unavoidable turnover.

1. Avoidable turnover

Avoidable turnover has been described as the one organization can prevent through recruiting, assessing and motivating employees more efficiently and effectively (Luecke, 2002). Avoidable turnover stems from causes that the organization may be able to influence. For example, if employees are leaving because of low job satisfaction, the company could improve the situation by redesigning jobs to offer more challenge or more opportunities for people to develop their skills.

2. Unavoidable turnover

Unavoidable turnover results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse. Unavoidable turnover stems from causes over which the organization has little or no control. For instance, if employees leave because of health problems or a desire to return to school, there may be little the organization can do to keep them.

The distinction between avoidable and unavoidable turnover is important because it makes little sense for a firm to invest heavily in reducing turnover that arises from largely unavoidable reasons.

2.3.3 Desirable Turnover

Desirable turnover occurs an employee whose performance falls below the company's expectations is replaced by someone whose performance meets or exceeds expectations. It's desirable because poor job performance, absenteeism and tardiness are costly replacing a poor performer with an employee who does his job can improve the company's profitability. Desirable turnover occurs when replacing employees infuses new talent and skills, which can give an organization a competitive advantage.

2.3.4 Undesirable Turnover

Undesirable turnover means the company is losing employees whose performance, skills and qualifications are valuable resources.

2.4 Causes of employee turnover

Employee turnover can be caused by various factors which in turn can have impacts in the performance and the future of the bank. These factors can stem from the employer, the employees or both. According to Bean, (2009) employees' wages, company benefits, employee attendance, and job performance and organizational commitment are factors that play a significant role in employee turnover, However, (Bratton and Gold, 2003), Pendulwa, 2011) described the causal factors for turnover which include job not matching new employee's expectations, lack of attention from line managers, lack of training, lack of autonomy, lack of challenge and variety within the work.

Employees leave organizations for many reasons. However, understanding the reasoning of the leaving employees is important to devising effective retention strategies. The lack of a friendly work environment with no freedom in work, limited responsibility, and limited challenging or new tasks may lead employees to look for job opportunities. Moreover, employees may leave due to a lack of attractive benefits and compensation packages. Additionally, high turnover may occur due to poor opportunity for progression or promotion.

Employees prefer organizations with promotions and improved compensation packages. Lack of employee motivation, poor work-life balance, high job stress, poor employee management, and lack of recognition also lead to high employee turnover.

Many reasons explain why employees withdraw from an organisation especially in an economy where skills are relatively scarce and recruitment is costly, or where it takes several months to fill vacant positions. Hence, for the purpose of this study from the many causes/sources of employee turnover the following are identified and categorized through reviewing different findings from various studies.

2.4.1 Relationship of Managers with subordinates

High employee turnover is caused by the instability in the management of an organization. Employees are more inclined to stay and work when the organization is stable and friendly working environment (Bergmann and Scarpello, 2001). Lack of fixing issues or problems, particularly from supervisors, decreases workers' ability to cope with their stressful jobs and increases the likelihood that they will leave their jobs (Michal, Nissly, J.A and Levin 2001). According to Griffeth and Hom (2001) management researchers have blamed bad supervision as a prime malefactor of turnover.

The relationship between managers and employees influences employees' decision to stay in a job. Supervisors and managers have an important impact on employee turnover. Hence, the length of time that employees stay in an organization is largely determined by the relationship between employees and their managers (Dobbs, 2001: 1). Likewise, the quality of supervision was a significant influence on intent to leave the organizations. Besides, little supervision and less support from manager in conducting the assignment will lead towards high level of stress and turnover intention (Mondy, 2010).

Employee's demands treated fairly and respectfully with support from managers and supervisors. Taylor (2002) mentions that employees need managers, who know and understand them and who treat them fairly. Employees also choose managers who can be trusted. If employees feel that their managers are fair, reasonable and supportive, their levels of job satisfaction increase. Besides, if the manager shows interest in the well-being of employees and is supportive and sensitive towards employees emotionally, employee job satisfaction also increases (Egan, Yang & Bartlett, 2004).

2.4.2 Working environment. If working environment is low-grade due to lack of all the basic facilities such as proper lighting, working in a space with some natural light, ventilation, air conditioning system, open space, restroom, lavatory, furniture, safety equipment while discharging hazardous duties, drinking water and refreshment, workers will not be capable of facing up the difficulty for a long time (Singh, 2008).

2.4.3 Pay. According to Shaw et al (1998) says, “Pay is something given in exchange for services rendered in an organization”. It has played a significant role in retaining and rewarding high quality human resources. To be more precise, one of the critical factors of employee turnover is lower salary. When employees’ receive lower salary and insufficient financial rewards, they tend to stay no longer with the organization (Lavob, 1997). It is often said that job dissatisfaction is the major cause of poor pay scale procedure, leading employees to leave the job.

2.4.4 Fringe benefit. A fringe benefit is a meandering incentive contracted to an employee or a group of employees as a part of executive membership, which has an effect on performance and employee retention (Alexander et al., 1994). It can be argued that benefit scheduling is a critical section of human resource planning process on account of huge expenditures and financial resources approved for the future (Weiss and Cropanzano, 1996). At the managerial level, a fringe benefit is critical to attract, retain and motivate the employees who may continue to work for organizational success. One reason for this is that fringe benefits play an important role to persuade individual’s interest to work with an organization.

2.4.5. Perceived alternative employment opportunity. Employees leave the organization if there is a possibility to get an alternative work (Luthans, 1995). However, it can be argued that this is an unmanageable issue, depending on the external environmental factors, such as job availability and the rate of unemployment. A study conducted by Carsten and Spector (1987) found considerable relationship between job availability and voluntary turnover. To be more precise, perceived alternative opportunity may also be exaggerated by the market condition and educational background (Jacob, 1998).

2.4.6 Personal Factors

Personal factors such as health problem, family related issues, children education and social status contributes in turnover intentions. However, very little amount of empirical research work is available on personal related factors. There is another important variable "JobHoping" also contributes in turnover intentions. When there is a labor [employee] shortage, employees have plenty of jobs available. Consequently, they can afford to switch jobs for a few extra dollars. Masahudu, (2008) has identified another important variables "employers" geographic location" that may determine turnover.

The closeness of employees to their families and significant others may be a reason to look elsewhere for opportunities or stay with their current employers. For instance, two families living and working across two time zones may decide to look for opportunities closer to each other, REBS (2010, pp. 169-170,)

2.4.7 Pull and Push factors

Employees voluntarily resign their appointments in organisations for various reasons which can be classified into two: pull and push factors. Sherratt (2000: 38) also explains that the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. Sometimes, it is a mixture of both the pull and push factors.

2.4.7.1 Pull factor:

According to Sherratt 2000:38 include the attraction of a new job especially in a growing economy. In such cases it is the availability of alternative jobs that attracts an employee to withdraw from a particular organization. Pull factors are the series of reasons that attract the employees to a new workplace. In this category the employees satisfy with better paying job, a career advancement opportunity that they would not receive in the short term when they stayed with their present employer. Employee leaves their current job in order to improve their life standards and also concerning to the new benefits package which they expect to receive. In addition there are broader notions of career development, the wish to move into new areas of work for which there are better practical questions commuting time. (Wasti, 2003).

2.4.7.2 Push Factors / Controlled Factors:

Employees are 'pushed' due to dissatisfaction in their current jobs to seek alternative employment. Employees start thinking about other choices, talking to recruiters, looking at the job advertisement in the newspaper, on the internet or to others advertisement sources. In some case employees will even leave without having a new job prepared. A wide range of problems can be mentioned to explain such resignations.

Insufficient development opportunities, boredom, ineffective supervision, low levels of employee involvement and straightforward personality's conflicts are the most common accelerating factors for the employees to leave their job. (Wasti, 2003).

Sherratt (2000: 38) also explains that the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. Push factors are aspects that push the employee towards the exit door.

In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations, REBS (2010, pp. 170,) According to Loquercio (2006) it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff has a preference for stability. However, some time employees are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. On the basis of available literature, push factor can be classified into: Organizational Factors, attitude Factors and Organizational Commitment

2.4.8 Organizational Factors

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

2.4.9 Attitude Factors

In the literature, attitude is another kind of push factor which is mostly attach with employee behavior. Attitude factors are further classified into job satisfaction and job stress. Job satisfaction is a collection of positive and/or negative feelings that an individual holds towards his or her job. Satisfied employees are less likely to quit. Job satisfaction is further divided into extrinsic factors and intrinsic factors. Extrinsic factors include variables such as job security, physical conditions/working environment, fringe benefits, and pay. Intrinsic factors include variables such as recognition, freedom, position advancement, learning opportunities, nature, and kind of job and social status (workers with a high hierarchical position who link their social position with their job want to retain it).

Job stress includes variables such as role ambiguity (e.g. my job responsibilities are not clear to me), role conflict (e.g. to satisfy some people at my job, I have to upset others) and work-overload (e.g. it seems to me that I have more work at my job than I can handle), REBS (2010, pp. 171).

2.4.10 Organizational Commitment

There are many factors which are attached with employee and organization and work as push factors for employee to quit. Organizations are interested in not only finding high performing employees, but those who will be committed to the organization. Similarly employees are also interested to work in an organization which is committed to pursue their careers and benefits. Organizational commitment is recognized as a key factor in the employment relationship and it is widely accepted that strengthening employment commitment, reduce turnover (Mohammad, 2006). According to Ugboro (2006) identified three types of organizational commitment: affective, continuance and normative, detail of which is given below:

- ✓ **Affective commitment** is employee emotional attachment to the organization, results from and is induced by an individual and organizational value congruency. It is almost natural for the individual to become emotionally attached to and enjoy continuing membership in the organizations.
- ✓ **Continuance commitment** is willingness of employee to remain in an organization because of personal investment in the form of non-transferable investments such as close working relationships with co-workers, retirement investments and career investments, acquired job skills which are unique to a particular organization, years of employment in a particular organization, involvement in the community in which the employer is located, and other benefits that make it too costly for one to leave and seek employment elsewhere.
- ✓ **Normative commitment** is induced by a feeling of obligation to remain with an organization. According to Ongori (2007), organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. It is important to note that the factors they are listed above can be classified as being within or beyond the control of the employing organization. In order to actively participate in reducing costs associated with turnover, organizations need to identify those factors over which they do have some control and initiate necessary changes to reduce turnover attributable to these "controllable" factors.

2.5 Sound strategies to minimize employee turnover

It is always important to keep key people in the organization. It is uncompromisingly indispensable to stay put the potential employees in the organization. Managers need to arrange training and learning program how to focus on key employee satisfiers and dissatisfies so that they can make a well balanced job design and control system to retain employees in the organizations (Staw et al., 1986).the best organizations design, implement and leverage systems that detect warning signals projected by dissatisfied employees and therefore, managers and organizations should try by all means to be ahead of their competitors in retaining their employees by learning how to focus on key employee satisfiers and dissatisfies (Staw 31: 56-77). Around the world, dissatisfaction with income is one of the major causes of employees leaving an organization. Therefore, it is imperative for an organization to develop retention plans, including relationship building with the key staff.

2.5.1 Recruit Suitable Employees: Evidence suggests that recruitment practices strongly influence turnover. Considerable research shows that presenting applicants with a realistic job preview during the recruitment process has a positive effect on retention of those new hires. A realistic job preview presents accurate information about the positive characteristics and potential challenges associated with any job, as well as clear details about performance expectations and the company's performance management processes. A realistic job preview help employees adjust easily to their new work environment. However, they can also reduce applicant pools, as some applicants decide that the job or organization is not for them. Thus, realistic job preview are most appropriate for positions in which retention is an issue but for which the organization does not have great difficulty finding enough qualified applicants.

According to (Hulin 97: 233-250), recruitment is aimed at providing a pool of potential employees from which the organization can select the required number in accordance with job requirements. Therefore, if the organization wants to reduce employee turnover, it has to ensure that the right people for the job are recruited. According to (Steel 69: 673-86) recruitment are the process of attracting people who might make a contribution to the particular organization and attraction as the favorable interaction between potential applicants and the images, values and information about an organization. It appears that attracting employees and motivating them to remain in an organization require workable strategies.

The ability to recruit and retain employees with expertise may be influential on other workers in terms of arriving at a decision to stay and in the process help them to positively identify themselves with the organization as a result of the kind of support that they will get from the competent employees. According to (Schervish, P.G., 1983), failure to recruit workers with appropriate competence will doom the firm to failure or, at the very least, to stunted growth.

2.5.2 Retain Valuable Employees: The best companies make a point that they are attracting and recruiting employees who will make a meaningful contribution. Companies striving to hire the best employees have a competitive edge over others. There should be a thorough scrutiny of employees and only the most suitable applicants should be hired

Mobley (1982) describes that it is the responsibility of an organization to retain the potential employees because they will probably contribute the firm to reach the destination. The immediate cause of this, retaining the best employees for an employer could have a competitive advantage as compared to others. HR management should take steps for an appropriate employee assessment so that the most suitable candidates are employed. According to Mobley (1982), “The quality of an organization’s people is always an essential ingredient of successful strategy execution – knowledgeable, engaged employees are a company’s best source of creative ideas for the nuts-and-bolts operating improvements that lead to operating excellence”. Firms may employ next to kin of applicants as the best way to motivate and retain the top talent. Despite the fact of family reasons, this approach will minimize the family reasons to quit the organization, particularly, in the technical work.

2.5.3 Effective leadership: Lack of support, particularly from supervision decreases workers' ability to cope with their job stressful jobs and increases the likelihood that they will leave their jobs. It is fairly likely that employees will not stay in their jobs due to the lack of support from managers (Mobley, 1977). Many researchers are of the view that poor supervision is one of the leading factors of employee turnover and, hence, it is vital for an organization to coach its managers in order to improve their organizational and leadership skills (Porter and Steers, 1973). It comes to appear that employees do not have to be friends with their boss, but they need to have a good relationship with their respective boss. However, one argument put forward by management experts is that boss needs to provide direction and feedback, spend time in one-to-one meetings, and work with them cooperatively.

HR managers often develop new ideas to improve employee retention, but HR experts believe that one of the most important retention tools is being a leader instead of a manager, so they suggest that a manager needs to push towards the potential of employees and appreciate them in terms of their performance. It would be also a responsibility of an effective leader to take care genuinely about their concerns and provide tools for personal and professional development (Guion and Gottier, 1965).

An employee reports to undermine the employee's engagement, confidence, and commitment to have a toxic relationship with the individual. A bad boss is one of the reasons why employees quit their job. A good illustration for this is that boss keeps update information that employees need to succeed. He or she cannot perform his job or accomplish his goals without their help. So, manager shares a critical interdependence with employees. If manager rarely supports them to complete the tasks successfully, they cannot perform well in their assigned responsibilities. In fact, employees will not progress without the information, perspective, experience, and support of manager (Maertz and Griffeth, 2004). Based on a recent study, it can be argued that the direct and indirect effect of managerial support on turnover cognition represent inconsistency of the reason of manager on turnover intention (Campbell and Allen, 2007).

2.5.3 Training and development: Management should initiate to create an environment, where key information has been freely communicated. Employees have the opportunities to be well-informed and insightful for further career development, as well as variety form of training program will rationally be foremost to an organization. Therefore, this will result in retaining the employees and have a positive impact on organizational productivity (Singh, 2008).

It is vital for an organization to create an environment in which important information is freely communicated and in which employees are knowledgeable and perceptive of opportunities for further self-development, various forms of training will logically also be key to an organization's array of business practices . Training and development has an impact on staff turnover. some observers worry that training and development opportunities may be a double-edged sword. These opportunities may discourage turnover by keeping current employees satisfied and well-positioned for future growth opportunities. People in certain jobs that require constant updating of skills (such as information technology) might leave if they have no options for strengthening those skills.

However, training may make employees more marketable and thus increase the ease with which they can be recruited by rival organizations. Still, research suggests a modest negative relationship between training and turnover: Those who receive more training are somewhat less likely to quit than those who receive little or no training. Growing evidence also indicates that employees are increasingly factoring future growth opportunities into their turnover decisions, and training and development play an important role here. If you're concerned that training will increase turnover in your organization, you may want to consider offering job-specific training (which is less transferable to other contexts) instead of more generalized training (which transfers easily). Also think about linking some types of developmental opportunities to retention. For example, reimburse tuition for employees who remain with your company for a specified amount of time after they complete a degree program.

2.5.5 Job satisfaction: The job content and autonomy are the two major job related motivational factors that lead to an increase of employees job satisfaction. Once employees realize that they are authorized to take part in the decision-making process, they could be motivated and desire to do their best for the organization. Shahzad et al. (2008) state that "Turnover studies primarily have established that satisfaction with supervision promotes job retention without necessarily identifying specific behaviors by supervisors that commit employees to the company". Experts have identified some factors that are likely to make employees satisfied at work such as good pay, friendly working environment, cooperative colleagues, career counseling and opportunities for training and development (Sherman and Snell, 1998). It is also noted that "employees desire managers who realize and treat them fairly" (Dailey and Kirk, 1992). Unless managers are fair, logical and caring to their employees, it is fairly likely that they will not be happy about their jobs

The content of the work itself is a major source of satisfaction and research related to the job characteristics approach to job design, shows that feedback from the job itself and autonomy are two of the major job-related motivational factors Once employees realize that they are given authority to participate in the decision-making process when it comes to their field of work, they could be motivated and a desire to continue working for the organization may improve also state that turnover studies primarily have established that satisfaction with supervision promotes job retention without necessarily identifying specific behaviors by supervisors that commit employees to the company".

However, there are other issues that may keep people satisfied at work, such as pay, colleagues, working conditions and the like. According to research studies have identified certain factors that influence job satisfaction, such as compensation, recognition relationships with other organizational members (especially peers and direct supervisors), opportunities for training and challenge

2.5.6 Organizational culture: A well-developed organizational culture is one of the factors that influence the employees to stay put in the organization. If employees are not being contented with the culture, work environment, organizational structure, the probability is that they will quit the job (Mowday et al., 1982). It is often said that organizations are able to attract and motivate employees by practicing the best organizational culture. Thus, it may lead them to continue work in the organizations.

Constructs such as organizational culture and climate, as well as organizational structure and technology have been well developed in terms of theory, measurement and empirical linkages to organizational effectiveness, employee work attitudes and productivity, as well as staff turnover. The practices of the organization are another factor that influences the employees to stay. If employees are not satisfied, they may leave. Therefore, the culture of the organization may affect attraction, retention or turnover in the organization.

2.5.7 Balancing work and family life. There can be avoided various retention problems if the organization finds a solution to help employees to effectively control their commitment at home and at work (Tser Yieth et al., 2004). It is also probable that parents are supposed to take responsibilities, while this comes up to the caring for the family. If we take an example, parents may help to bring back children from school. The study also suggests that flexible working hour can lead to deal with a better work-life balance and, by doing so, can counteract job stress (Boxall and Purcell, 2003). Hence, managers should be provided the flexible working hour opportunities for their employees.

Organization should find ways to help employees successfully manage their commitments at home and at work and by doing so many retention problems can be avoided. It is imperative for parents to share responsibility when it comes to the caring for the family, for example, parents may take turns to fetch children from school.

The research has shown that flexible work-schedules lead to greater work-life balance and can offset work stress. Therefore, organizations should be in a position to provide their employees with the opportunity to work flexible hours.

2.6 Management response to Reduce Employee Turnover

High employee turnover is more than a challenge that businesses occasionally face. In most cases, high turnover is a sign that something is fundamentally wrong with a business. It might be company culture. It might be a mismatch between middling salaries and high expectations. It might be management techniques. It might be one toxic employee, poisoning the experience for everyone else. Whatever the reason, solving high turnover issue should be a top priority for any business. Turnover hurts productivity and morale, eliminates consistency in the workplace, and costs money thanks to the expense of recruiting, hiring and on boarding replacements. However identifying the problems is an important first step. Effectively conducted exit interviews provide useful insights into turnover problem areas. Having identified potential problems, the employer can take steps like the following to boost employee retention.

1.Selection: “Retention starts up front, with the selection and hiring of the right employees.”

This refers not just to the worker but also to hiring the right supervisors. Employee retention starts with hiring. Qualified employees who are a good fit with your company culture are more likely to stick around for the long term and make a positive impact while they’re there. Hiring managers can recognize their role in fighting turnover and hire more carefully. That doesn’t mean you second-guess yourself when you find someone you like. Instead, it means thoroughly vetting your hires—with detailed interview processes, criminal background checks, resume verifications, resume checks, and skills tests.

How managers at your organization handle the selection process can also influence turnover. Using biographical data (biodata) during selection is one especially effective technique. Bio data empirically identifies life experiences that tend to differentiate those who stay with an organization from those who quit.

Life experiences associated with people who stay may include significant tenure on previous jobs, education experiences, involvement and leadership in career-related clubs and organizations, and early work experiences. In considering which kinds of biodata to use, avoid those that could be seen as sensitive (for instance, anything related to protected class status or family background). Research shows that biodata questionnaires can be quite predictive of retention, yet they are not widely used by organizations. One straightforward way to leverage this tool is through a weighted application blank (WAB). A WAB uses the answers of current and former employees to application questions to empirically determine whether some items differentiate those who stay from those who leave. Items that differentiate can then be weighted according to how strongly they differentiate people who stay from people who leave. You can then use these items during selection from among future applicants. WABs are among the best predictors of turnover.

To better manage retention, many organizations are beginning to assess fit (with the job and organization) during the selection process. Fit is the compatibility of an individual with the work environment. Research shows that both person job and person-organization fit are related to turnover. Although potentially useful, assessing fit during selection presents some challenges since many of the criteria seem subjective in nature. For instance, one could argue that to fit well with an organization, an individual should have similar values and a compatible work style to other employees—and these can be difficult to measure in an interview. To surmount these challenges, consider using structured interviews, structured questionnaires such as the Organizational Culture Profile or the Job Compatibility Questionnaire, or values and personality profile matching.

Select the right people in the first place through behavior-based testing and competency screening. , but your key to selecting the best employees is to determine how well they can do the job. The right person, in the right seat, on the right bus is the starting point

2. Discuss Careers: One expert says, “Professionals who feel their company cares about their development and progress are much more likely to stay.” Periodically discuss with employees their career preferences and prospects, and help them lay out career plans.

3. Raise Pay: The most obvious explanation for why employees quit is often also the correct one: low pay. Particularly for high performers and key employees, enhanced pay has recently been the retention tool of choice for many employers. If you can't afford to give bigger raises every year, look at your company's benefits package. An employee thinking about leaving for a bigger salary might reconsider if she would be giving up these benefits.

4. Allow for work-life balance: While there are industries where people still work around the clock (particularly in technology), the workaholic lifestyle is dying in many circles. Most professionals want work-life balance. They want to spend time with their friends, be with their families, travel the world, and enjoy life. Promoting work-life balance in your office—with flexible start and end times, more vacation time, and clearer boundaries between work and home—can decrease stress levels and create happier employees.

5. Provide Direction: People can't do their jobs if they don't know what to do or what their goals are. Therefore, retaining employees requires making it clear what your expectations are regarding their performance and what their responsibilities are.

6. Help your employees plan for the future: Every employee wants to feel direction and momentum in his or her job. A dead-end job is a temporary job. As such, if you want to fight employee turnover, you need to promote long-term growth and development. Managers should sit down with every employee to discuss goals and expectations. Find out which skills or experiences a person wants to get out of their job and help them get there. Exposing your employees to new challenges and helping them find professional development courses relevant to their goals accomplishes two things.

First, you show your employees that you care about their growth. Second, your employees start treating your company as a place where they can grow and evolve instead of just a place to earn a pay check. Both outcomes emphasize longer-term employment.

7. Offer Flexibility: Workers identified “flexible work arrangements” and “telecommuting” as the two top benefits that would encourage them to choose one job over another.

8. Stop wasting employees’ time: The best managers are often the ones who provide support and guidance but know when to get out of their employees’ way. The worst managers are the ones who actively waste their employees’ time. Cut down meetings—both in length and quantity—to make better use of time. Research conferences and other types of business travel thoroughly to determine if they are worthwhile. Keep one-on-ones brief if there is nothing that either party wants to talk about. Giving your employees the gift of extra time will make them feel more productive, fulfilled, and accomplished, which can lead to greater job satisfaction.

9. Don’t be a jerk: No one on the planet got into their industry of choice because they wanted to listen to their manager yell at them over a minor mistake. Managers need to be firm and authoritative, but they do not have to be disrespectful jerks. Control your temper, be constructive in your criticism, and stop taking bad days out on your employees. Managers who are friendly, helpful, and supportive almost always foster better employee retention than combative power-drunk dweebs.

You can’t keep every employee forever. Even hundred percent satisfied workers will eventually walk out the door, whether because they are moving away, retiring, or got an offer they couldn’t refuse from another employer. Many employers are losing people they don’t need to lose—often because they aren’t following one of these tips. Adhering to these golden rules will help your business retain more employees for longer while also creating a happier workplace.

10. Make work more fun: One of the biggest mistakes managers can make is equating laughter and fun with a lack of productivity. Just because your employees are having a good time doesn’t mean they aren’t taking things seriously. On the contrary, employees who feel like they can make friends and have a good laugh at work are less stressed, more passionate, and less likely to quit. If you want something to tie your employees to your company, friendships and human connections are more likely to do the trick than money, benefits, or convenience

11. Socialization: For many organizations, turnover rates are often high among new employees. This situation is particularly troubling, because the organization may have made significant investments in recruitment, selection, and training—and high turnover prevents the company from seeing a return on these investments

Using Socialization to Improve New Hire Retention

- Involve experienced organization insiders as role models, mentors, or trainers.
- Provide new hires with positive feedback as they adapt
- Structure orientation activities so that groups of new hires experience them together.
- Provide clear information about the stages of the socialization process

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter will outline the methodological framework used for this research study. It will detail the research aims and objectives, research approach and design, research philosophy and the strategy used to collect data for the study, study design, source of population, sample procedure, data capturing instrument, procedures of data collection, & data analysis techniques in the research. . The study adopted the quantitative and qualitative research design. In order to identify management response on employee turnover questionnaires were used to collect the data from employee and interview was conducted with HR director.

The main objective of this study is to analyses and discuss about management response on employee turnover in a bank industry in Ethiopia and why this industry can't retain the talented staff for long period of time. The sub objectives of this research include, determining what strategies affect the retention of employees and finally what are the new strategies bank industries can adopt to retain the talented staff and reduce the employee turnover.

3.1 Area of the Study

The study is conducted in Addis Ababa, the capital city of Ethiopia. Addis Ababa is center for many organizations and offices and also a capital of African Union. The survey is done in seven banks. The study will be conducted on the employees working on different departments located in Addis Ababa.

3.2 Research Strategy

There are two method of data research; Quantitative and Qualitative analysis. Qualitative data are non- numerical data which can originate in any form like opinions, beliefs, perspective, stories, and images and so on; or it can be described as the expression of human experiences and opinions (Quinlan, 2011) whereas, quantitative data are numeric data or the data gathered is calculated numerically. There are different quantitative analysis methods such statistics, graphs and charts which allow the researcher to calculate the data more appropriately.

The quantitative data analysis is the calculation of data through statistical technique. The quantitative analysis often relies on the deductive approach. The collection of quantitative data in this research has indicated the positivistic method.

Therefore, this research has adapted a quantitative strategy by gathering a large number of data from employees of selected banks. Quantitative analysis is a widely used research method and is expected to give positive results of the survey/ Questionnaire. This study will use the main method of quantitative approach that is questionnaire. Questionnaire is used for descriptive and explanatory research and also to collect the large number of responses from the participants to analyze the data. The researcher has chosen self-administered questionnaire which is completed by respondents. To meet the objectives of the research questions, the quantitative approach is undertaken as it provides all the numeric data that practically analyses the statistics collected and answer the questions (Saunders, et al., 2009). In this research, the researcher uses the most up to date, reliable and valid scales to measure the quantities based on the literature review and research questions.

3.3 Research Instrument

There are many instruments in the quantitative study but the researcher selected to use questionnaire which is the most appropriate instrument for data collection and also used for this study. The researcher has to use this technique as large data is collected from big population of a bank industry. Questionnaire is a common word which consist of all methods of data collection and every respondent is asked the same set of questions by a fixed technique (Saunders, et al., 2009)

3.4 Population and Sample

Population consists of groups, individuals, organizations, documents and so on, which are appropriate for the research (Quinlan, 2011), but for this research the target population were the employees from different banks. The survey was sent to a total of 265 employees of the bank industry from which 225 surveys were completed, 85% of the target population.

A research carried out using the entire population or using a sample population depends on the size of the population, requirements and time available for study. A sample is a small sub group of the population (Quinlan, 2011). In this research, sample population is a suitable technique as it is an effective approach to collect data instead of using the entire population and specifically when there is time and requirements are limited for the researcher.

3.5 Source of Data

In attempt to address management response to employee turnover and to provide possible recommendations, the researcher used both primary and secondary source of data. The primary data would gather from employees of the existing, terminated and management staff of the banks by distributing questionnaire and interview conducted with management and other concerned body. The questionnaire designed to allow respondents to find a suitable answer that best fit their opinion. Majority of the questions are direct questions varied of different scales and multiple choices. All of the questions were set to be mandatory to answer thus a participant could not skip a question without abandoning the questionnaire. The purpose for this is that all the questions had importance to the next and if one question was skipped some of the relevance would be lost in the survey.

3.6 Procedures of Data Collection

In order to collect the data questionnaires and interview checklist were prepared and distributed to current and ex-employees. The choice of using questionnaires as method of data collection has considered the fact that a bank is a very busy working place and employees have a limited time. Therefore, questionnaires will be distributed among the respondents who found their own time to fill it. Interview session was conducted with the HR director of the bank and the information obtained was compiled accordingly.

3.7 Data Analysis Technique

Data analysis means categorizing, ordering and summarizing of data to get answers to research questions (De Vos, Strydom, Fouche & Delport 2005). Descriptive statistics data analysis method was applied to analyze quantitative data where data is scored by calculating the number and percentages. Qualitative data analysis method was also employed to analyze qualitative data gathered using the interview check list and documents from the department.

Data collected was edited, coded and carefully checked for correctness before they are analyzed. Editing was done to improve the quality of data for coding. Editing involved going through the Questionnaires to see if respondents responded to questions and see if there are blank responses.

3.8 Ethical Issues of the Study

Ethical conduct can be described as morale values, confidentiality and anonymity of an individual, group or an organization. Confidentiality and anonymity usually refers to the assurance that researcher give to the participants that their identity and involvement in a research will be kept confidential (Quinlan, 2011). Informed consent was obtained from the participants before they are enrolled in to the study. The consent form stating the study's objectives, nature of participant's involvement, risk and benefits, and confidentiality of the data. Confidentiality was kept at each step of data collection and processing and informed about the nature of this research and why it is carried out, moreover they were made aware that what is required from them as a participant. The participants were assured that they have right to participate or withdraw at any time from the study.

CHAPTERFOUR

DATAPRESENTATION, ANALYSIS ANDINTERPRETATION

4.1 Introduction

This part of the thesis will analyses about data collected from the responses of the survey and also discuss the findings and result. The researcher has used pie charts and graphs to show the findings and outcome of the survey which is also easy for the reader to understand and examine the result. Firstly, the demographics will be discussed like age, gender and how long have the employees been working in a bank industry. Further it will analyses the responses of the questions requested in the survey and it will also highlight the statements of the respondents about their thinking and feelings, which was also a part of the questionnaire. The findings are done to get the answers of management response on employee turnover in a bank industry in Ethiopia and why this industry can't retain the talented staff for long period of time. The sub objectives of this research include, determining what strategies affect the retention of employees and finally what is the new strategies bank industry can adopt to retain the talented staff and reduce the employee turnover.

4.2 Analysis of the data

4.2.1. Selected Bank for the research

Banking is a rapidly growing industry in Ethiopia. Currently there are 2 state owned and 16 private commercial banks; Commercial Bank of Ethiopia is the largest, controlling the majority assets of the industry. Out of the total banks involve in the industry in Ethiopia the researcher selected nine banks for his research.

No	Bank	Establish Date
1	Awash Int. Bank	1994
2	Bank of Abyssinia	1996
3	Wegagen Bank	1997
4	United Bank	1998
5	Nib Int. Bank	1999
6	Lion Int.Bank	2006
7	Zemen Bank	2009
8	Buna Int. Bank	2009
9	Birhan Int.Bank	2010

Table 1 selected bank for the research

4.3. Demographic Profile of Respondents

The demographic for this study included, gender, age, respondents, years of work at the bank, and respondent's title at the bank. The following are some of the findings that were obtained with regards to demographic information.

1. Age of the respondents

The first question is about the age of the respondents, there were 42 or 18.67% respondents' age between 22 to 27, from the age group of 28-35 there were 31.11% or 70 responses which was the highest one. The third category was 36-41 age groups in which there were 58 or 25.78% responses.

As shown in the table below 13.78% or 31 respondents age category is between 42-45. the fifth age group fall between 46-51 and there were 21 or 9.33% respondents are in this group and the least number of responses were received from 52 and above age group which is 3 or 1.33% response.

Age	Current employee		Ex-employee		Total	
	Male	Female	Male	Female	Male	Female
22-27	18	15	5	4	23	19
28-35	38	23	6	3	44	26
36-41	30	26	2	-	32	26
42-45	15	9	5	2	20	11
46-51	11	7	3		14	7
>52	2	-	-	1	2	1
Total	114	80	21	10	135	90

Table 2 Age of respondent

2. Respondent by marital status

As shown in Table 3 74 of the total respondents are married, 147 respondents are single and the rest 4 are divorce. The proportion of marital status shows that family responsibility is a factor that may affect turnover as they are predisposed to leave their job for better pays and benefits to support their families.

Marital status

Single	147
Married	74
Divorce	4

Table 3 marital status

3. Respondent view by sex

As depicted here under the gender of the respondents in demography was 135 male, while female respondents were 90. The study therefore indicates that the majority of respondents were male; however, the proportion indicates both genders were adequately represented in the study.

Gender

Male	135
Female	90

Table 4. Gender of respondent

4. Respondent educational qualification

As shown in the table no employees have not certificate this indicate shows that the employees qualification are above certificate.1.33% or 3 respondents have diploma and the highest respondent fall under 1st degree category which is 54.67% or 123. The employee whose qualification categorized in 2nd degree is 95 or 42.22% and the rest 1.78% or 4 respondents categorized above 2nd degree.

Qualification	Current employee			Ex-employee			Total
	Officer	Supervisor	Management	Officer	Supervisor	Management	
<10+3	0	0	0	0	0	0	0
Diploma	2	0	0	1	0	0	3
1st Degree	57	34	15	14	2	1	123
2nd Degree	11	37	42	1	1	3	95
>2nd Degree	0	1	2	0	0	1	4
Total	70	72	59	16	3	5	225

Table 5 Educational qualification

5. How long have the employees been working in the bank industry

As indicated in the table 37.33% or 84 respondents are categorized under 1-5 years' service in the bank which is the highest one from the total respondent. the second length of service year categorized under 6-10 years and there were 66 or 29.33% respondents are in this group, 19.11% or 43 respondents are group under 11-15 years' service. The fourth category which is 21 or 9.33% is under 16-20 years' service and the rest and the least which is 4.44% or 10 respondents.

Length of service in a year	Current employee		Ex-employee		Total	
	Male	Female	Male	Female	Male	Female
1-5 Years	46	29	3	6	49	35
6-10 Years	31	23	8	4	39	27
11-15 Years	29	10	2	2	31	12
16-20 Years	9	11	-	1	9	12
>20 Years	7	3			7	3
Total	122	76	13	13	135	89

Table 6 work experience of respondents

4.4 Descriptive analysis of factors influencing turnover intention

1. Salary and benefit package as reason for turnover

It is well known that the most common reason for employee turnover rate is salary and benefit packages since employees are usually in search of jobs that pay well. Some organizations are better than others, when it comes to attracting and retaining the best talent. If there is a secret behind that success, it starts with looking beyond salary. This is what exactly banks whether state owned or private are trying to do in Ethiopia to retain experienced and best minds. The move is crucial as the financial sector suffers from limited skilled human capital.

Accordingly, as can be observed from the data in table (7) below, 36% of the respondent confirmed that they didn't pay well in comparison to their experience, responsibilities and qualifications and also as depicted in table (7) of the respondent 28% which is the highest one strongly disagree with the amount of payment received monthly not attractive compare to other similar banks. It is evident from different studies that employees always look for companies offer more benefits and compensation package.

With regard to what extent respondents address their responses of happiness in connection with loan grant to employees of the respondents 62.22% strongly agree and 34.67% agree are happy this shows that employees are highly interested with bank loan grant.

In general in an effort to poach skilled employees from other banks and to retain their own, banks also pays competitive salary for its employees and also reducing staff turnover and attracting new employees is important for all banks.

No	Questions		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	I am happy with banks loan grant like house and vehicle	Frequency	140	78	7	0	0	225
		percentage	62.22%	34.67%	3.11%	0.00%	0.00%	100%
2	the bank arranges yearly bonus fairly to employees	Frequency	65	45	82	19	14	225
		percentage	28.89%	20.00%	36.44%	8.44%	6.22%	100%
3	I am satisfied by salary increment	Frequency	88	62	14	34	27	225
		percentage	39.11%	27.56%	6.22%	15.11%	12.00%	100%
4	insurance endowment give to employee are adequate	Frequency	63	68	5	49	40	225
		percentage	28.00%	30.22%	2.22%	21.78%	17.78%	100%
5	the amount of pay I receive attractive compare to other banks	Frequency	33	54	19	56	63	225
		percentage	14.67%	24.00%	8.44%	24.89%	28.00%	100%
6	I am happy with my salary as I am well paid	Frequency	31	39	0	74	81	225
		percentage	13.78%	17.33%	0	32.89%	36%	100%

Table 7 salaries and benefit package

2. Staff relationship with management as reason for turnover

No	Questions		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	My supervisor available to me when I have questions	Frequency	29	44	54	38	60	225
		percentage	12.88%	19.54%	24%	16.88%	26.70%	100.00%
2	My supervisor treat me respectfully	Frequency	35	16	35	61	78	225
		percentage	15.56%	7.11%	15.56%	27.11%	34.66%	100.00%
3	managements encourage employee to develop their skills	Frequency	51	64	29	44	37	225
		percentage	22.67%	28.44%	12.88%	19.56%	16.45%	100.00%
4	managements and employee relationship are good	Frequency	22	55	39	51	58	225
		percentage	9.78%	24.44%	17.33%	22.67%	25.78%	100.00%
5	management of the bank shows interest in solving issues	Frequency	22	41	62	34	66	225
		percentage	9.78%	18.22%	27.56%	15.11%	29.33%	100.00%

Table 8 staff and management relationship

According to the above table 12.88% respondents are strongly agree with supervisor available to them when employee have questions, 19.54% respondents agree with supervisor assistance but majority respondents which is 26.7% are strongly disagree with supervisor assistance when they are question. The relationship between management and employee shows in the above table that 25.78% which is the highest one respondents strongly disagree with management and employee relationship where as 24.44% respondents are agree with the relationship b/n management and employee. It can be deduced from their responses that relationship is likely to be a reason for employees to turn over. It is an obvious fact good relationship is a key for the execution of line of commands to employees for effective service provision and productivity. Therefore the bank management has to maintain relationship with its employees which help to stay in the industry.

3. Work environment as a reason for employee turnover

Questions	Measurement	Frequency	Percentage
Work environment is conducive for me	Strongly agree	50	22.22%
	Agree	50	22.22%
	Neutral	70	31.11%
	Disagree	30	13.33%
	Strongly disagree	25	11.11%
I feel satisfied with my duty	Strongly agree	45	20%
	Agree	31	13.78%
	Neutral	60	26.70%
	Disagree	57	25.33%
	Strongly disagree	32	14.22%
I feel the banks fair in general and treat employees fairly	Strongly agree	25	11.11%
	Agree	27	12%
	Neutral	19	8.44%
	Disagree	62	27.56%
	Strongly disagree	92	40.88%
I satisfied with carrier developments of the bank	Strongly agree	45	20%
	Agree	23	10.22%
	Neutral	55	24.44%
	Disagree	37	16.44%
	Strongly disagree	65	28.89%

Table 9 work environment of respondents

As depicted above in the table respondents feeling about the bank fairness and treatment, 40.88% responded disagree that the bank is fair and 27% responded agree and 8.4% was natural. Fairness should have to be available as it affects employee satisfaction that lead to turnover. According to table (5) 28.89% or 65 respondents strongly disagree, 16.44% or 37 respondents disagree with carrier developments of the bank satisfaction. From the respondent 24.44% is neutral regarding with carrier developments of the bank satisfaction, but out of the total respondents 10.22% and 20% are agree and disagree respectively.

For the question of duty satisfaction the highest respondents which is 26.7% are neutral, 25.33% respondents disagree and 14.22% strongly disagree in connection with duty satisfaction, where as 13.78% respondents agree with feeling satisfied in their duty and 20% respondents strongly agree with duty satisfaction.

5. Prospect on career growth as reason for turnover

As depicted here under the table (10) 34.67% disagree and 20% strongly disagree for the question that the bank arranges continuous training and development programs to enable professional growth and 18.22% respondents are neutral.

As shown below the table (10) from the sample questioner 12.44% respondents agree and 14.67% respondents strongly agree for the question the bank arranges continuous training and development programs to enable professional growth. The response indicates that banks works on continuous training and professional development programs and this is vital for banks for effective & efficient delivery of services.

No	Questions		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	when I do a good job I receive recognition	Frequency	13	15	49	68	80
		percentage	5.77%	6.67%	21.78%	30.22%	35.56%
2	there are opportunity and clarity in procedure for promotion	Frequency	31	14	8	83	89
		percentage	13.78%	6.22%	3.56%	36.89%	39.55%
3	the bank arranges continuous training and development programs to enable professional Growth	Frequency	33	28	41	78	45
		percentage	14.67%	12.44%	18.22%	34.67%	20%
4	those who do well on the job stand a fair chance for promotion	Frequency	35	37	6	63	84
		percentage	15.56%	16.45%	2.66%	28%	37.33%

Table 10 career growth of respondents

7. Management approach as a reason for turnover

Questions	Measurement	Frequency	Percentage
The management of the bank promotes dep't to compete against each other	Strongly agree	23	10.22%
	Agree	25	11.11%
	Neutral	49	21.79%
	Disagree	55	24.44%
	Strongly disagree	73	32.44%
I feel the management of the bank constantly shuffles employees around for skill development	Strongly agree	12	5.33%
	Agree	9	4.00%
	Neutral	22	9.78%
	Disagree	86	38.22%
	Strongly disagree	96	42.67%
Management covers two or more people jobs with one person	Strongly agree	87	38.67%
	Agree	91	40%
	Neutral	13	5.78%
	Disagree	27	12.00%
	Strongly disagree	7	3.11%
I feel that management demands to compensate extra time with leave instead of over time payment	Strongly agree	110	49%
	Agree	102	45%
	Neutral	0	0%
	Disagree	9	4%
	Strongly disagree	4	2%

Table 11 management approach

According to table(11) , when respondents were asked about management covers two or more people jobs with one person, out of the total respondent 38.67% and 40% strongly agree and agree respectively,5.78% neutral,12% disagree and 3.11% strongly disagree. From the above data obtained, it can be generalized that the bank management not viewing people as human assets, it looks as a costs to the bank. For the question of the management of the bank promotes dep't to compete against each other 32.44% respondents strongly disagree and 24.44% respondents disagree, 21.79% neutral, 11.11% agree and 10.22% strongly agree. It can be conclude from this sample questioner that competition against department of the bank helps to a more important for the growth of the bank but the management failed to do so.

According to table(11) majority of the respondent which is 42.67% strongly disagree, 38.22% disagree,9.78% neutral, 4% agree and the rest respondent 5.33% strongly disagree for the question I feel the management of the bank constantly shuffles employees around for skill development.

10. Views of ex- employees on the management response

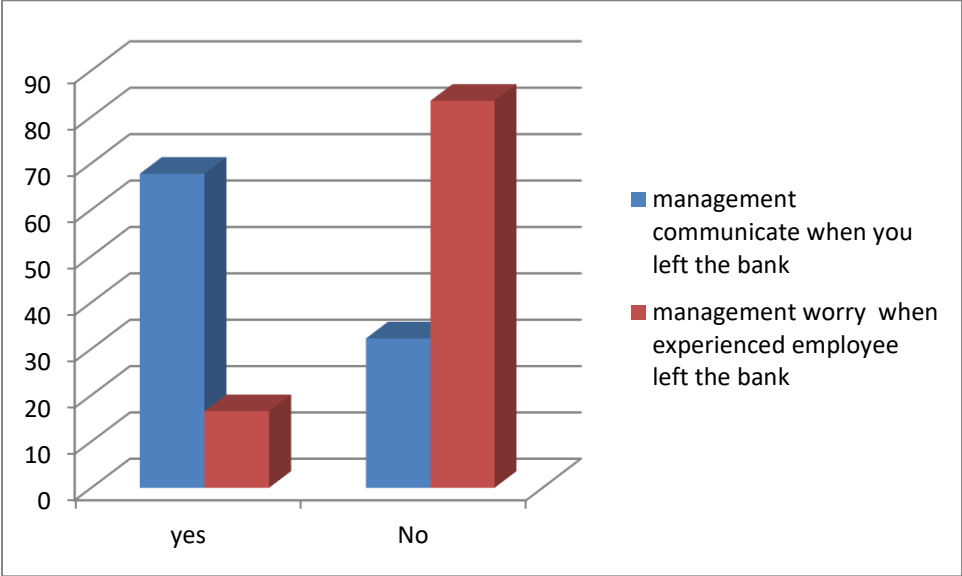


Figure shows that 67.74% of respondents answered that the management don't communicate employee where they leave the bank where as 32.26% indicated that the management communicate employee when they leave the bank and from the total respondents majority that is

83.46% says management does not worry about turnover of experienced employee. The finding shows in the figure that majority respondent says the management does not concern about experienced employee turnover staff this situation reduces the quality of the company service.

CHAPTER FIVE

SUMMARY OF MAJOR FINDING, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter looks at the results and findings on management response on employee turnover in banking industry. The findings are structured according to the purpose of the study. The findings of this study are based on the responses from the questionnaires filled and information gathered from the research questions. This chapter will look at the researcher's discussion on the findings of the research as compared to literature review in chapter two that was based on the purpose of the study. Conclusions and recommendations will form the summary of this chapter

5.1. Summary of findings

- When we see demographic data of the employee, out of the total population one hundred eleven are below age 35 and this is energetic human resource for the bank industry.
- According to the respondent answer the salary of the banks has not such attractive which motivate employees to stay in a bank.
- A large number of current employees respondents feel that the banks does not pay attractive salary in accordance to their experience, responsibilities and qualification and also the amount of pay they received for their job is not equal to others employee doing similar work in other banks for them. On the contrary, majority of the current employee respondents agreed that, the assistances given by the bank for loans such as housing, vehicle, personal and staff loans are adequate.
- Majority of the current employees respondents feel that the management of the bank does not shows a genuine interest in fixing the issues/problems in their role.
- Most of the current employees' respondents agreed that supervisors are not available to the staff when they have questions. Moreover most respondents agreed that their supervisors treat them unfairly and disrespectfully.
- Majority of the current employee's respondents believed that management helps or encourage them to develop their skills.

- A large number of current employee's respondents feel that they are not satisfied with their duty or job. In addition to this majority of the respondent feel that the banks not fairly treat employees in general.
- Nearly 44.44% respondents agree with working environment conducive for them. On the contrary, most respondent dissatisfied with carrier development with the bank.
- Most of the respondents argued that the bank does not arrange continuous training and development programs to enable them professional growth.
- A large number of current employee's respondents feel that there is no a fair chance for promotion regarding the job stand that do well and they believe also there is no clarity in procedure for promotion.
- According to the findings majority of the current employees respond that there is no recognition from their management when they do good job/duty.
- Majority respondents of ex-employees confirm that the management does not worry about experienced employee turnover and they does not communicate or ask why they leave the bank.

5.3 Conclusion

The researcher has made an attempt to identify major factors of professional employees' turnover and management response in Ethiopian banks industry. A combination of quantitative and qualitative data was used to conduct this study which employed data collection techniques like questionnaires and interview check lists. Both quantitative and qualitative data collected were analyzed by employing analysis techniques of descriptive statistics and qualitative analysis method respectively. Consequently, the findings from the survey and the interviews have been presented. At this point, the researcher comes to a conclusion based on the interpreted results and discussions of findings. Accordingly, the following conclusions are made:

- ✓ Employees are not happy with salary they get in the banks and they believe that the payment is not comparable with similar job in other banks. To this effect the level of turnover intention to leave the bank is high. So, the banks has to give due attention to payment to its employees as this is a significant factor to potentially lose its employees. On the other hand employees are satisfied with bonus structure, insurance endowment and loan granted by the bank like house and vehicle loans. Thus this should be continued to maintain experienced employees.
- ✓ The management and employee relationship is not good. Besides, supervisors are not treating and give respects to the employees. Since no management of the banks is not interested to solve issues, employees are leaving it.
- ✓ The bank does not give enough recognition for well done work and employees are not appreciated at work.
- ✓ The current working environment is not conducive and majority of employees are not satisfied by the career development.
- ✓ A current employee dissatisfied by the bank due to the bank not arranges continuous training and development for professional growth.
- ✓ There is unfair employee handling because management of the bank covers two or more people jobs with one person and in addition to this management demands to compensate extra time work with leave instead of over time payment.

5.4 Recommendation

- ✓ It is important for managers to have an understanding of why people would leave the organization and it is equally important to identify those factors that attract people to bank.
- ✓ It is found that salary and benefit is a major case for employee turnover because of this, employee in Ethiopian financial institutions switch working places primarily in search of better pays and benefit packages. This was aggravated as banks, particularly public-owned ones, didn't put in place effective staff retention strategies. Therefore banks offer attractive salary and benefit packages.
- ✓ Management should motivate employees to stay in the organization and convince employees to get in the future better benefits than the current benefit.
- ✓ Equal and clear promotion opportunity to all employees should be available in order to maintain healthy workforce. Based on my survey result the bank lacks clarity and equal promotion opportunity and it is a critical cause for employees' dissatisfaction that result in increased experience turnover. Hence banks have to evaluate its promotion procedure and make fair, equal and consistence promotional package in order to reduce turnover. I recommended that promotion should base on year of service, academic achievement and performance appraisal base to maintain clarity.
- ✓ A good and conducive working environment is very important for retention employees. Survival of any organization is influenced by this so the management body exerts a lot effort for this issue.
- ✓ Management should work towards creating smooth and conducive inter personal relationship closely with subordinates and arrange flexible working condition to retain employees.
- ✓ Management body should actively involve or respond when experienced employee turnover because employees are the backbone of any organization, they need to be motivated and maintained in an organization at all cost to aid the organization to be competitive in terms of providing quality products and services to the society and to become profitable in the industry.

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The aim of this questionnaire is for preparing a thesis on the title of Management Response to Employee Turnover in a Banking Industry in Ethiopia. The outcome of the study will be used in order to suggest possible solutions for problems identified while conducting the study. I kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. I inform you that, the information you provide will be consumed for academic purpose only. The information you provide is confidential. Please don't write your name on the questionnaire. Thank you in advance for your contribution.

Part One: Socio-Demographic Characteristics of Respondents

1. Age:

- A. 22-27 B. 28-35 C. 36-41 D. 42-45 E.46-51 F.>52

2. Gender

- A. Male B. Female

3. Marital status

- A. Single B. Married C. Divorced

4. Number of years working in CBE?

- A. 1 to 5 years B. 6 to 10 years C. 11 to 15 years D. 16 to 20years E.>20 years

5. Job title _____

6. What is your level of education?

- A. Diploma B. Degree C. Masters D. Ph.D. E. Other (specify)_____

Part II- Question on employee turnover

The following questions are prepared to get your views regarding some of the causes of employee turnover. For each questions below, circle the options that fits to your opinion based on the following scale.

5= Strongly Agree 4= Agree 3= Neutral (neither agree nor disagree)

2= Disagree 1= Strongly Disagree

I- Relationship of employee and management

1. My supervisor available to me when I have questions.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

2. My supervisor treats me respectfully

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

3. Managements encourage employee to develop their skills

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

4. Managements and employee relationship are good

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

5. Management of the bank shows interest in solving issues

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

II. Benefit and salary packages

1. I am happy with banks loan grant like house and vehicle

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

2. The bank arranges yearly bonus fairly to employees

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

3. I am satisfied by yearly salary increment

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

4. Insurance endowment give to employee are adequate

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

5. The amount of pay I receive attractive compare to other banks

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

6. I am happy with my salary as I am well paid

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

III Work environments related issues

1. Work environment is conducive for me

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

2. I feel satisfied with my duty

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

3. I feel the banks fair in general and treat employees fairly

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

4. I satisfied with carrier developments of the bank.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

IV. Prospect on career growth

1. When I do a good job I receive recognition

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

2. There are opportunity and clarity in procedure for promotion

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

3. The bank arranges continuous training and development programs to enable professional growth.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

4. Those that do well on the job stand a fair chance for promotion.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

SAMPLE INTERVIEW

- a. Introduction of the interviewer and interviewee.
- b. Briefing about company and interviewee position in the company.
- c. What are the main reasons for Employee Turnover?
- d. How you make work environment healthy for employees?
- d. Are you satisfied with the benefit package of the bank?
- e. How you maintain relationship with the staff?

Thank you