

# ST. MARY'S UNIVERSITY SCHOOL OF GRADUATESTUDIES

# FACTORS AFFECTING EMPLOYEE TURNOVER INTENTION IN THE CASE OF ETHIOPIAN AIRLINES

BY:

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January 2017

ADDIS ABABA, ETHIOPIA

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ID NO. 0210/2007B

ATHESIS SUBMITTED TO ST.MARY'S UNIVERSITY COLLEGE, SCHOOL OF GRADUATE STUDIES INPARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (GENERAL MBA)

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**Declaration** 

I, Samrawit Feseha, hereby declare that the thesis entitled Factors Affecting Employee

Turnover Intention in the Case of Ethiopian Airlines in Addis Ababa, Ethiopia is

the outcome of my own effort and study and that all sources of materials used for the study

have been duly acknowledged. This study has not been submitted for any degree in this

University or any other University. It is offered for the partial fulfillment of the requirement

for the Master of Business Administration (MBA) program.

Name: Samrawit Feseha

*Signature* \_\_\_\_\_

St.Mary's University College, Addis Ababa

January, 2017

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#### **ENDORSEMENT**

This	thesis	has	been	submitted	to	St.Mary's	University,	School	of	Graduate	Studies	for
examination with my approval as a university advisor.												

Goitom Abraham (Assistant Professor)	
Advisor	Signature
St.Mary's University College, Addis Ababa	January 2017

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## **List of Abbreviations and Acronyms**

ET Ethiopian Airlines

HR Human Resource

PCA Principal Component Analysis

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**ABSTRACT** 

The study determines the factors that impact turnover intentions in the case of Ethiopian airlines

specifically on Human Resource (HR) and Finance department employees and examined the

relation of demographic variables, on turnover intentions. The sample consisted of 150 HR and

finance employees at head quarter. The data were collected using convenient sampling via self-

administered questionnaire and from a total of 150 survey questioners 120 usable responses

were collected and retained for analysis using SPSS version 23. The results hypothesized that job

satisfaction and company commitment factors are negatively and significantly related to

turnover intention.

The study also found that demographic variables, company commitment and job satisfaction had

a significant contribution and negative effect on turnover intentions. Furthermore, the study

revealed that company commitment accounted for larger variance in turnover intentions than

from job satisfaction and job satisfaction had more effect on turnover intentions than from other

variables. Findings of the study reveals that all of the study variables (except stress) were

significantly negatively related to turnover intentions furthermore, the variables commitment,

perceived alternative employment opportunity and job satisfaction were found to be the most

strongly correlated variables with turnover intentions.

**Keywords**: Turnover intention, organizational commitments, job satisfaction, Addis Ababa

#### **CHAPTER ONE: INTRODUCTION**

This chapter indicates the set up basis of the current research. A general background of the study is provided as an introduction in order to describe the area in which the study is conducted and further on, justify the importance of the specific research in terms of objectives, significance, scope and limitations along with research problem and the structure of the paper.

#### 1.1 Background of the study

Organizations in general have been facing the challenge to manage and retain the asset of utmost value i.e. human capital. Ever since the industrialization took over and the importance of various facets of capital came to existence; human capital has been considered and still being paid the importance as it not just reflects upon skill set and behavioral attributes but also of the very existence of the motive of an organization objective (Mahapato, 2010).

The performance of the human capital within an organization dictates whether organizational success or organizational failure would occur (Robbins & Judge, 2012). Lesabe and Nkosi(2007) argue that an organization cannot perform successfully in today's highly competitive world without employees who are committed to its objectives and strategic goals. Organizations' thus need to realize that if employees are managed appropriately and effectively, then success is inevitable (Hellriegel et al., 2004). Lawler (2003) indicated that the manner in which employees are treated and maintained has a direct impact on the continued competitiveness and even existence of any organization.

This is particularly vital due to the fact that skilled and competent employees are scarce, and there is an acknowledged 'global war for talent' (Beechler& Woodward, 2009). Effectively attracting, developing, managing, motivating and retaining committed employees has become a critical success factor for sustained organizational performance (Spagnoli& Caetano, 2012). Literature and thesis from past have traditionally focused on employee turnover from peripheral perspective there by unknowingly not paying attention to the driving force that is responsible for employees decision making toward their career.

Employees turn over puts a great deal of stress on organizations and human resource manager.

Employee turnover occurs when employees voluntarily or involuntary moves out of the organization causing efflux of knowledge base ,loss of human capital and the cost of investment on hiring and retention. Turnover is the process through which staff leaves organization and that organization replaces them. Turnover intention is a measurement of whether a business' or organization's employees plan to leave their positions or whether that organization plans to remove employees from positions. Turnover intention, like turnover itself, can be either voluntary or involuntary (Igra*et.al*, 2014).

Voluntary turnover occurs when the employee makes the decision to leave on his own. Usually, voluntary turnover intention occurs when the employee perceives another opportunity as better than his current position. This includes more pay, more recognition or a more convenient location. It can also occur when the employee has to leave for health or family reasons. If an employee plans to voluntarily retire from a position, that's voluntary turnover intention, too. On the other hand, involuntary turnover intention is a measurement of whether the organization in question plans to remove an employee from a position, causing the turnover. This can happen if an organization isn't happy with an employee's job performance and chooses to fire him. It also happens when a business has to eliminate positions due to economic pressures or downturns in business. (ibid).

Turnover has an impact over the organization's costs relating to recruitment and selection, personnel process and induction, training of new personnel and above all, loss of knowledge gained by the employee while on job. Additionally, it results in understaffing which in turn lead to decreased effectiveness and productivity of the remaining staff. Turnover may have a negative impact on the employee as well. The individual may lose non-vested benefits and may be a victim of the "grass looks greener" phenomenon. Most often, turnover intention is consequential to actual quitting behavior. (Shweta, 2009). Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize employee's turnover. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover Kevin et al. (2004). Therefore, there is need to develop a fuller understanding of the employee turnover, more especially, the sources- what determines employee turnover, effects and strategies that managers can put

inplaceminimize turnover. With globalization which is heightening competition, organizations must continue to develop tangible products and provide services which are based on strategies created by employees. These employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated Meaghan et al. (2002)

Accordingly, the currentstudy examines the relations of some of the crucial factors behind intention of employee turnover intention such as Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensationand job satisfaction.

#### 1.2 Statement of the Problem

Employee turnover has been examined considerably in various workplace settings, including the hospitality industry (Blomme, Van Rheede, & Tromp, 2010; Iverson &Deery, 1997; Nadiri&Tanova, 2010). According to The Economic Times (2013), the aviation industry along with the hospitality industry has the highest turnover rates compared to all other sectors; that being a rate of 22%. However, despite the high rate of voluntary turnover in the aviation industry, explanations for these rates remain untold. The inability to retain staff within the aviation industry has serious implications for service delivery, customer satisfaction and passenger safety (Latorella&Prabhu, 2000). Passenger safety is essential as economic growth has significantly increased flight demand, and this increase necessitates the establishment of a method to effectively decrease the occurrence rate of aviation-related safety events (Aviation Safety Council, 2010).

A mercer survey of 30,000 workers worldwide, showed that between 28% and 56% of employees wanted to leave their jobs (Bishop, 2014). When an employee leaves an organization voluntarily, there are reasons that govern the decision making, vis-à-vis factors and intention. The intention varies and share different proportion to quit on a job and move to next. While the intention could be one, but mostly it is chain of factors that compels and motivates employees to move to next venture of his/her career.

Heracleous and Wirtz's study (2010) which explores the successes of an airline company identifies that both customer service and safety revolves around people. As a result, airline

companies invest heavily in training its employees to ensure that they deliver a level of service to the customer that surpasses industry norm. One airline company trains its new recruits for four months and spends around 70 million dollars a year to put each of its 14,500 employees through 110 hours of annual retraining (Heracleous&Wirtz, 2010). Charan et al. (2001) indicated that when confronted with turnover there would be an increase in training costs as well as an in recruitment, selection and induction costs.

Tracey and Hinkin(2008) thus assert that the effective management of human capital is imperative. The authors further contend that to effectively manage employees it is essential for organizations' to understand the costs of turnover and the factors that may influence turnover, to ensure that various efforts be embarked upon to design and implement better policies and procedures for attracting, developing and retaining quality employees (Tracey &Hinkin, 2008). An emphasis should be placed on retaining employees given the large amount of capital spent on training and developing employees to work in an aviation industry (Charan et al., 2001; Heracleous&Wirtz, 2010).

Literatures in the area of human resources, organizational behavior and hospitality management were searched from books, databases, academic journals, trade magazines and newspaper. Keywords used include Macau, employee turnover, turnover culture, labor shortage, organizational commitment, job dissatisfaction, etc. In Hom and Griffeth's (1991) psychological research, they noted that turnover intention is an effective indicator of actual turnover. Many researchers also used the terms 'turnover intention' and 'intent to quit' interchangeably with turnover behavior, and used them as the focus of their literature review (Chikwe, 2009; Lim, 2008; Taormina & Kuok, 2009; West, 2007). Therefore 'turnover intention' and 'intent to quit' were also included in the key words during the search process. Based on the frequency and strength of different causes discussed in the literature, the causes of turnover will be categorized into compensation and benefits, career development, stress, interpersonal relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction under this study.

Although actual turnover is the primary focus of many academics, determining the underlying factors that lead to intentions to quit are even more important, as it is an important antecedent to

actual turnover (Firth, Mellor, Moore, &Loquet, 2003). Furthermore, organizations' normally use exit interviews as a tool to understand employees' reasons for quitting, however, this method is retrospective. It is therefore important to understand the cognitive process of intention to quit and to identify the variables that are related to the employee's intention to leave or to remain within an organization, as this provide an opportunity for managers and researchers to act proactively in retaining their talented employees (Pienaar, Sieberhagen, &Mostert, 2007). Thus, identifying factors that could retain employees could assist organizations' in improving the quality of employees' work standards, employee wellbeing, and ultimately improving organizational productivity (Gaan, 2007).

The current research therefore, aims to ascertain the relationship between crucial factors behind intention of employee turnover intention such as Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment with in Ethiopian airlines specifically on human resource and finance department employees. Despite the claim that turnover is a serious concern, there is a paucity of research that aims to understand the contributing factors of employee turnover intentions within the aviation industry. To the knowledge of the researcher to date no studies have been conducted on these variables within this industry in Ethiopia .Given the lack of research it has become imperative to ascertain why the employees are leaving this organization, and whether the factors mentioned above has any relations on turnover, as found in research conducted in other organizations'.

Ethiopian Airlines is one of the largest airlines in African continent and serves as backbone for connectivity across Africa and other parts of the world and it was founded December 21, 1945 and owned by Government of Ethiopia (100%). It employs around 10,200 employees and currently serves 93 international and 20 domestic destinations operating the newest and youngest fleet. However despite its success Ethiopian Airlines is coupled with an unstable skill set because of employee turnover.

During 2013/14 budget year, a total of 365 employees were left the company due to different reasons. The attrition rate of the Airline for 2013/14 budget year was 4.53% and it shows 17.4% decline when compared to same period of last year which was 5.5%. The major cause for

turnover in the company is resignation. Resignation constitutes 64% of the turnover in 2013/14 budget year whereas it was 47% in the same period of last year. The attrition rate of resigned employees for 2013/14 budget year was 3% & it shows 12.3% increment as compared with the same period of last year which was 2.6 %.( July 01, 2013 and June 30, 2014.) Human Capital Management Performance Measurement Report, EAL).

For the duration of 2014/15 budget year, a total of 448 employees were left the company due to different reasons. The attrition rate of the Airline for 2014/15 fiscal year was 4.99 % and it shows 3.48% decrement when compared to same period of last year which was 5.17 % and the major causes for turnover in the company are discharge & resignation. Discharge constitutes 47% and resignation 35% of the total annual turnover in this 2014/15 (Annual (July 01, 2014 and June 30, 2015 Human Capital Management Performance Measurement Report, EAL).

During 2015/16 budget year, a total of 648 employees were left the company due to different reasons. The attrition rate of the Airline for this fiscal year was 6.34 % and it shows 26.96% increment when compared to same period of last year which was 4.99 %. (Annual (July 01, 2015 and June 30, 2016.) Human Capital Management Performance Measurement Report, EAL).

Therefore, this research will focus on employee turnover intention, the determinant factors of employee turnover intention and how its recommendations can be used by the management to curb the rate of employee turnover and realize growth and stability of Ethiopian Airlines.

#### 1.3 Research Questions

This study seeks answer to the following basic questions:

- What are the significant drivers of employee turnover intention in Ethiopian context?
- What is the strength of causation of factors to influence workers" turnover intention with in Ethiopian airlines human resource and financedepartment employees?

#### 1.4 Objectives of the Study

#### 1.4.1 General objectives

The general objective of the study is to assess the employee turnover intension in Ethiopian Airlines.

#### 1.4.2 Specific objectives

Specifically, the objectives of the study are the following:

- 1. To determine the significant drivers of employee turnover intention in Ethiopian context.
- 2. To determine the strength of causation of factors to influence workers" turnover intention with in Ethiopian airlines human resource and finance department employees.

#### 1.4.3 Research hypothesis

The study hypothesizes the following null hypothesizes, which are derived from the specific objectives and will be tested in this study;

- H1; There is a significant positive relationship between Perceived Alternative Employment Opportunity and turnover intentions amongst employees of ET.
- H2; There is a significant negative relationship between Career Development and turnover intentions amongst employees of ET.
- H3; There is a significant positive relationship between stress and turnover intentions amongst employees of ET.
- H4; There is a significant negative relationship between Interpersonal relationships and turnover intentions amongst employees of ET.
- H5; There is a significant negative relationship between Compensation and Benefits and turnover intentions amongst employees of ET.
- H6; There is a significant negative relationship between job satisfaction and turnover intentions amongst employees of ET.

H7; There is a significant negative relationship between organizational commitment and turnover intentions amongst employees of ET.

#### 1.5 Definition of Terms

**Employee Turnover:** Price describes employee turnover as the "entrance of new employee in the Organization and the departure of existing employees from the organization" (Price, 1989: 462).

**Employee Turnover Intention:** Defines as "employee's desire or willingness to leave an organization" (Cuskelly&Boag, 2001).

Compensation and Benefits; Most people work for a living and It is rational that employees demand an appropriate level of compensation for their effort. Such compensation may be offered in monetary (direct) reward, such as salary and bonus, or bundled with other non-monetary (indirect) reward such as medical insurance (Mondy, 2010).

**Career Development;** more job openings and promotion opportunities available in the future orquick linear promotion by changing jobs on a regular basis.

Occupational Stress; Cartwrightand Cooper (1997) identified several environmental sources of occupational stress, including the intrinsic factors of the job, role in the organization and workhome interface. As these authors suggested, the gene of the job itself can be the source of stress. In Wallace's (2003) work about managing shift work, he indicated that long working hours, unpredictable shifts, limited breaks, and heavy mental, emotional and physical demands are the concerns that lead to occupational stress, the balance between work and life is another source of stress and the role of employees in the company generates stress.

**Interpersonal relationships;** Hospitality is a labor-intensive industry that requires intimate internal interaction to achieve the common organizational goal. Interaction between superior, subordinator co-workers is unavoidable and so is the existence of conflicts (West, 2007). The interpersonal relationship between employees among the same level and across different levels is also critical to the operation.

**Organizational commitment**; was defined as the strength of relationship between employee and the organization (Upchurch, Dipietro, Curtis, &Hahm, 2010). It represents how much the employees believe and accept the goals and the value of the organization (Mowday, Porter, & Steers, 1982), and how much they are willing to input their efforts for the organization (Meyer &Allen, 1991).

**Perceived alternative employment opportunity;** also known as perceived ease of movement, is the perception of the availability of job alternatives (Lee & Mitchell, 1994). This perception is an uncontrollable factor because it is closely associated with the external environment, such as availability of job vacancies and unemployment rate.

**Job Satisfaction**; reflects how much the individual is satisfied with his/her job. Job satisfaction is defined as the difference between the volume of some respected consequences a person obtains and the amount of that outcome the person thinks he/she should obtain (Gobler, 2000).

#### 1.6 Significance of the Problem/Study

The study will be expected to benefit both employees and management. It will benefit the employees in the sense that each employee (from human resource and finance department at ET) will be given an opportunity to state their individual perceptions of the their work, the organization, to give their feelings regarding job satisfaction, organizational commitment, Compensation and Benefits Career Development, Occupational Stress, Interpersonal relationships, Perceived alternative employment opportunity and then make recommendations as to what they feel the institution should do to increase their job satisfaction, organizational commitment and need to stay.

On the other hand the management will expected to benefit from the study too, as the findings will be presented to them with recommendations from the respondents. It will also serve to make them aware of what their employees may be going through. The study will thus assist management with their efforts and endeavors toward management of the people. The study will also highlight areas that employees perceived to be good practice and that they wish could be sustained. Therefore this will create and strengthen a reciprocal relationship between the employees and management of ET.

#### 1.7 Delimitation/ Scope Of The Study

Ethiopian Airlines is a large organization with an employee capacity of over 10,200 employees. With the large number of employee base, the scope of the study will be limited to Finance Department and Human Resource Department because of time constraints and lack of availability of personnel in other departments to carry out the research. Finance Department and Human Resource Department also has a high turnover rate compared to other departments. Considering the entire Ethiopian Airlines will provide a better picture of the problem but since the study is undertaken within the academic calendar, the scope will be limited only to HR and Finance departments.

#### 1.8 Organization Of The Paper

The research will be composed of 5 chapters. The first chapter contains background of the study, statement of the problem, research questions, objectives of the study (both specific and general), definition of terms, and significance of the study, delimitation/scope of the study and research and design methodology. Chapter two includes literature review that would be gathered from both conceptual and empirical literature sources. Chapter Three includes the research design and methodology employed. In chapter Four the researcher summarizes the results and interprets and discusses the findings. The last Chapter, chapter five concludes the paper by providing summary and recommendations.

#### CHAPTER TWO: REVIEW OF RELATED LITERATURE

This chapter provides an overview of the literature pertaining to the constructs being investigated in the current study. Firstly, Studies that have conducted on the concept of turnover intension will be examined. Thereafter, relevant literature will be explored and discussion on identified antecedents of employees' turnover will be discussed based on the proposed theoretical framework that shows the variables that explain the phenomenon of turnover intention. Given that a rarity of research studies exist in the aviation industry, reference will be made to studies conducted in other industries.

#### 2.1 Introduction

Harris and Cameron (2005) define turnover as the process of separating the individual from the organization of employment. The turnover decision facilitates either a job-to-job transition or a job-to-non-employment transition. Griffeth and Horn (2001) note that turnover is not always a negative activity as the opportunities for promotion would be severely limited if employees did not leave the organization. Further, replacements from outside the organization can infuse new ideas and technology into the organization (Parry, 2008). It may even be desirable for some marginally productive or overpaid employees to leave the organization (Griffeth&Hom, 2001).

It is useful to identify clearly what unwanted turnover means. In making such a distinction, Griffeth and Horn (2001) suggest distinguishing initially between voluntary and involuntary quits. Chen and Francesco (2003) assert that voluntary turnover occurs when the employee freely chooses to leave the organization. In contrast, involuntary turnover is job separation initiated by the employer over which the employee has no control. Griffeth and Horn (2001) are of the opinion that voluntary turnover can be differentiated further into functional and dysfunctional turnover. Functional turnover represents the exit of substandard performers, that is, persons the organization does not feel are of particular benefit to the achievement of the organization's goals. Dysfunctional turnover on the other hand, involves the exit of effective performers or highly skilled or trained employees who are not easily replaced and, therefore, their loss is costly for the organization. According to Chen and Francesco (2003), from the employer's perspective

unwanted turnover is both voluntary and dysfunctional.

Literature on turnover also differentiates between avoidable and unavoidable dysfunctional turnover. Unavoidable turnover represents those employee separations that employers cannot control, such as terminations due to childbirth, full-time care of relatives, migration and death (Griffeth&Hom, 2001). The designation of avoidable and unavoidable voluntary, dysfunctional turnover has helped to clarify this somewhat.

Griffeth and Horn (2001) note that many companies are attempting to exert some control over turnover that was historically deemed unavoidable by providing various family- and lifestyle friendly programs such as flexi-time, job-sharing, telecommuting, lactation rooms and takeout dinners. To precisely derive the actual rate of undesirable turnover, involuntary, functional and truly unavoidable turnover specific to the particular organization should not be included in the analysis.

Turnover is an individual choice behavior, the final step in a psychological process referred to in the literature as the withdrawal decision process (Harris & Cameron, 2005). Mobley (1977) pioneered a comprehensive explanation for the psychological process underlying withdrawal. According to Mobley's (1977) formulation of the decision to withdraw from an organization, there are a number of possible mediating steps between dissatisfaction and actual quitting. One of the first consequences of dissatisfaction is that it inspires thoughts of leaving. These thoughts, in turn, stimulate consideration of the expected utility of a job search and the costs of quitting. The next step would be the behavioral intention to search, which then is followed by the actual search. Alternatives, where available, are then evaluated and compared to the present job. If an alternative job is perceived to be more favorable than the present job, it will inspire a behavioral intention to quit followed by actual withdrawal (Greenberg & Baron, 1997; Griffeth et al., 2000). Figure 4 below outlines this process.

In contrast to Mobley's (1977) model, which focused on job dissatisfaction as the stimulating factor for the initiation of the withdrawal process by employees, Griffeth et al. (2000) identify many other factors that forecast or cause voluntary resignations. Most research has uncovered these factors and the strength of their effect on turnover by the use of survey methodology. The focus of the discussion will now turn to the leading cause of turnover identified in the literature,

that being turnover intention, an important variable in this study.

Thoughts of quitting

Intention to search for new job

Probability of finding an acceptable alternative job

Action: quit or stay

Figure 4 Mobley's (1977) sequence of withdrawal cognition process

Source: Extracted from Greenberg & Baron (1997)

The impact of involuntary turnover to the company is minimal because it is under employer's control. In this paper, only voluntary leave of employees is considered and brought into the discussion of turnover, regardless of whether are placement is successfully prepared or not. To align with Wheelhouse's (1989) argument, turnover happens only if the left employees must be replaced. Therefore those temporary workers who were hired to meet seasonal flow of business are not a part of in this study.

#### 2.2 Impact of Turnover

The core product of the hospitality industry is the overall customers' experience. The production of this experience relies heavily on employees who have close contact with the customers. With such human-intensive service nature, high employee turnover would lead to various negative outcomes. Hinkin and Tracey (2000) measured the cost of turnover in terms of separation cost, replacement cost and lost productivity, etc. In their samples the overall cost of turnover of one front office attendant ranged from about USD \$6000 to USD \$ 12,000, in which the lost

productivity accounted the largest portion of the cost. This lost productivity mainly came from the difference between the high productivity of the departing employees and the missed sales opportunities, and low performance of new employees when they were at the beginning of the learning curve.

Brandmeir and Baloglu (2004) conducted a correlation analysis in their research. They found that the high turnover rate in front of house operations had a great impact on the service quality; and the perceived value of the company. Although service quality and perceived value of the company can hardly be transformed into solid figures for comparison or analysis, their importance should not be underestimated.

They are the vital factors for the long-run of the hospitality business. From the perspective of remaining employees, high turnover rates increase their average workload. Hendrie (2004) found that such additional burdens increased the stress level of the rest of the team members. In research studying the turnover impact on health care organizations, Waldman, Kelly, Arora, and Smith (2004) found that constantly high turnover rate de-motivated the remaining employees by imposing repetitive training obligation to them. This was found to be the case in the hospitality industry in the U.S. as early as 1989 (Woods & Macaulay, 1989).

For employers, the worst impact of turnover is lost profitability. Woods and Macaulay (1989) were two of the pioneers studying the correlation between turnover rate, performance and profitability. In their study they highlighted the linkage and alerted hospitality employers to the harm associated with high employee turnover rates on the business profitability. All of these direct and indirect impacts are the possible results of high turnover.

#### 2.3 Causes of Turnover

Literatures in the area of human resources, organizational behavior and hospitality management were searched from books, databases, academic journals, trade magazines and newspaper. Keywords used include Macau, employee turnover, turnover culture, labor shortage, organizational commitment, job dissatisfaction, etc. In Hom and Griffeth's (1991) psychological research, they noted that turnover intention is an effective indicator of actual turnover. Many researchers also used the terms 'turnover intention' and 'intent to quit' interchangeably with

turnover behavior, and used them as the focus of their literature review (Chikwe, 2009; Lim, 2008; Taormina & Kuok, 2009; West, 2007). Therefore 'turnover intention' and 'intent to quit' were also included in the key words during the search process. Appendixes of the literatures were also traced to enlarge the scope of review Hom, P., & Griffeth, R. (1991). A structural equations modeling test of a turnover theory: Cross-sectional and longitudinal analysis. *Journal of Applied Psychology*, 76, 350-366.

#### 2.4 Definition Of Turnover Intentions

The terms 'retention' and 'turnover' are often used interchangeably in the literature on employee turnover behavior. Intention to leave is considered a conscious and deliberate desire to leave an organization within the near future and considered the last part of a sequence in the withdrawal cognition process (Mobley, Horner, & Hollingsworth, 1979). Three elements exist in the withdrawal cognition process namely, thoughts of leaving the organization, the intention to search for another job somewhere else and the intention to leave/quit. Boshoff et al., (2002) define intention to leave as the strength of an individual's view that they do not want to stay with their employer. Although Parry (2008) found that actual turnover and intent were influenced by a separate set of factors, with intent to leave being a poor predictor of turnover behavior, most of the turnover research supports overwhelmingly the predictive strength of turnover intentions. Griffeth et al. (2000) found that turnover intentions remained the best predictor of turnover.

Griffeth et al. (2000) and Mobley et al. (1979) noted that stated intentions are less effective in predicting turnover that transpires in the distant future because people often change their minds about staying or leaving over a long time period. Despite this observation, Griffeth and Horn (2001) still advocated the use of turnover intentions as a surrogate for turnover, as turnover research has shown that employees who express strong intentions to leave eventually do leave. In addition, according to Griffeth et al. (2000), turnover was deemed to be much more difficult to predict than intention, due to the impact of many external factors on turnover behavior. Accumulated evidence has concluded that the single best predictor of turnover is an employee's decision to leave the organization (Boshoff et al., 2002; Griffeth et al., 2000; Steel, 2002).

There are two kinds of costs for turnover, which are visible and invisible costs.

• Visible turnover costs include leave capitalization, recruitment costs, reference checks,

security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses.

 Invisible costs involve enlarged HR and payroll administration, loss of productivity, and informal training. Other hidden costs comprise missed deadlines, loss of organizational knowledge, low motivation as a result of overwork, loss of clients and chain reaction turnover.

Another turnover consequence for the organization is its impact on employee-customer relationships. Normally, long-tenured employees develop personal relationships with customers. These relationships are the basis for a re-enforcing cycle of beneficial interactions between employees and customers. Staff retention thus has a positive effect on good customer relationship and ultimately profitability (Rust, Stewart, Miller, &Pielack, 1996).

Another result of staff turnover is on those who remain with the company. Losing good employees is also costly in terms of the impact it has on company morale. Those that remain may often feel demotivated or disheartened, ensuing in a reduction in productivity and job satisfaction. If other employees observe the new job opportunities being grasped by their colleagues, they could also follow suit. These latter costs, although more difficult to calculate, are also harmful (Hay, 2002).

There are a number of reasons why turnover takes place. These reasons may range from external environmental variables such as economy that affects the business that in turn shapes the employment levels (Mobley, 1982; Pettman, 1975; Schervish, 1983; Terborg& Lee, 1984) to organizational factors including types of industry, types of occupation, size of organization, payment, supervisory levels, locations, selection processes, work environment, work assignments, benefits, and promotions (Arthur & Rousseau, 2001; Mobley, 1982).

The other variables that affect employee turnover in organizations involve the individual's work variables such as demographic variables, integrative variables like job satisfaction, pay, promotion and working condition (Arthur, 2001; Mobley, 1982; Pettman, 1975) and the individual's non-working factors such as family related factors (Mobley, 1982; Pettman, 1975).

In addition, demographic variables cannot be disregarded. Age, tenure, level of education, level

of income, job category, and gender have been proven to affect employee retention and have been discovered to have established relationship with turnover intention. Among the above demographic factors, age, tenure and income level were discovered to be negatively associated with turnover intention (Arnold & Feldman, 1982; Cotton & Tuttle, 1986; Gerhart, 1990; Price & Mueller, 1986; Tai & Robinson, 1998; Weil & Kimball, 1995), level of education is positively related to turnover as employees with higher education levels have higher tendency to quit (Berg, 1991; Cotton & Tuttle, 1996). With regard to job category, Tai and Robinson (1998) and Price and Mueller (1986) found that non-managerial employees have higher tendency to quit than managerial employees.

Some HRM practices have been recommended as potential answers for turnover problem, such as investment in training, providing organizational support, implementing innovative recruitment and selection processes, providing better career opportunities (Cheng & Brown, 1998; Forrier&Sels, 2003; Hinkin& Tracey, 2000; Walsh & Taylor, 2007; Walters &Raybould, 2007) and implementing effective strategies to improve job satisfaction and commitment (Aksu, 2004). Based on the frequency and strength of different causes discussed in the literature, the causes of turnover were categorized into compensation and benefits, career development, stress, interpersonal relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction.

#### 2.5 Consequences of Turnover Intentions

Scholars examined the consequences and effects of turnover on organizational performance in studies of psychology, economics, human resource management and sociology (Allen et al., 2003). According to Park and Shaw (2013), the results of studies on the consequences of turnover indicate that there are negative relationships between turnover and organizational outcomes such as sales, customer service, profits, and return on assets. Further, Park and Shaw (2013) propose that all forms of turnover (namely, voluntary, involuntary and reduction-in-force) would hurt organizational performance, as experienced employees depart organizations' taking accumulated knowledge and skills with them.

According to Nyberg and Ployhart (2013), individual and collective turnover affect the performance, competitive advantage and productivity of organizations'. Nyberg and

Ployhart(2013) indicate that the consequences of individual turnover (for example, when an employee leaves voluntarily) include lost productivity. Further, when large numbers of employees collectively leave organizations', numerous human capital resources are depleted (Nyberg &Ployhart, 2013; Park & Shaw, 2013).

Researchers attribute losses in productivity to the unplanned transfer of skills and expertise when employees leave. Additionally, when individuals and groups of employees leave voluntarily, organizations' incur increased costs as they attempt to recruit and train employees to replace those who departed (Park & Shaw, 2013). Although there are negative consequences tied to voluntary turnover, some of the positive consequences of involuntary turnover include reduction in costs associated with compensation (for example, costs related to base salaries, vacation and insurance), and the ability to eliminate employees who perform poorly (Park & Shaw, 2013).

#### 2.6 Antecedents of Turnover Intentions

#### 2.6.1 Organizational Commitment

Mowday, Porter and Steers (1982) defined organizational commitment as a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization. Organizational commitment reflects an individual's feelings about the organization as a whole. Organizational commitment has become more crucial than ever in comprehending employee behavior because it is recognized as more consistent and less dependable on daily variation compared to job satisfaction (Angle & Perry, 1983; Mowday, et al., 1982).

Organizational commitment can be broadly defined as the relative strength of an individual's identification with, and involvement in, an organization (Mowday, Steers, & Porter, 1979; Meyer, Stanley, Herscovitch, &Topolnytsky, 2002). As an antecedent, it is understood that committed employees are unlikely to leave the organization, as well as feel the need to go beyond normal job requirements. Committed employees are also willing to make a more significant and personal contribution to the organization, performbetter, engage in organizational citizenship behaviors (OCBs) and are unlikely to engage in unproductive or destructive behaviors' (Iqbal, Aziz, &Tasawar, 2012; Meyer, Allen, & Smith, 1993; Meyer, et al., 2002). As an outcome, organizational commitment has been discovered to arise from positive

work experiences, job satisfaction, trust in management, and attractive remuneration and rewards (Meyer, et al., 2002).

Studies in this area have reported a strong relationship between organizational commitment and turnover, signifying that higher levels of commitment will result in lower levels of intention to leave, therefore lower turnover (Allen & Meyer, 1990; Bentein, Vandenberghe, Stinglhamber, 2005; Falkenburg& Schyns,2007; Good, Page, & Young, 1996; Harris & Cameron, 2005; Huselid, 1995; Rhoades & Eisenberger, 2002). Organizational commitment is one of the predictors of turnover intention (Arnold & Feldman, 1982; Hollenbeck& Williams, 1986). Qi (2007) found that affective commitment has a significant negative influence on turnover intention, which is similar to a research done by Law (2005), which showed that affective commitment is the most important component of commitment in predicting employees' turnover.

#### 2.6.2 Job Satisfaction

Many studies have indicated that job satisfaction serves as an antecedent to turnover intention. For example, Ali (2008) highlighted that problems might arise if employees' dissatisfaction are not taken into consideration. Employees who are dissatisfied would sooner or later leave the organization, and at the same time, the organization loses the knowledge that the employees had brought in. If the organization decided to employ new employees to replace those who leave, and their feelings of dissatisfaction are not met, this could affect the daily operation of the organization, and the vicious cycle of turnover will occur. In addition, Hay (2002) discovered that the majority of the employees chose career opportunities, and learning and development as the foremost reasons to stay in an organization, which lead to job satisfaction.

Career satisfaction and career success are interchangeably used in this study. Career success is defined as positive psychological or work-related outcomes or achievements that a person gathers as the outcome of work experiences (Judge, Higgins, Thoresen, &Barrick, 1999). Models of career success have incorporated a number of demographic, human capital, and motivational variables related to career success (Judge, Cable, Boudreau, &Bretz Jr, 1994; Judge, et al., 1999). Previously, much research on careers have viewed the individual as being passive and influenced by situational factors (Bell &Staw, 1989). Career/job satisfaction is a significant predictor of employee turnover (Egan, Yang, & Bartlett, 2004; Wright &Bonett, 2007). Employees most

probably leave their organization when both their psychological well-being and job satisfaction are low (Wright &Bonett, 2007). Satisfaction with meaningful work and promotion opportunities were significant predictors of turnover intention (Wright &Bonett, 1992).

Previous studies have discovered that job dissatisfaction is associated with negative behavioral outcomes such as absenteeism, workplace accidents, and labor turnover (Griffeth, Hom, &Gaertner, 2000; Newstrom, 2007; Sousa-Poza & Sousa-Poza, 2007). Currall, Towler, Judge, and Kohn (2005) discovered that pay satisfaction is positively related to performance and negatively related to employee turnover intention. Similarly, the outcome of another study by Davis (2006) also showed that general job satisfaction is strongly and negatively associated with turnover intention. Job satisfaction has been empirically proven to be the main predictor of turnover intention (Larrabee, Janney, Ostrow, Withrow, Hobbs, &Burant, 2003; Parry, 2008).

#### 2.6.3 Employee Benefits and Opportunities

Research has established that financial reward is one of the basic types of extrinsic monetary rewards which comprise the basic needs of income to survive (to pay bills), a feeling of stability and consistency (the job is secure), and recognition (my workplace values my skills) (Aguenza&Som, 2012). Higginbotham (1997) mentioned that high salaries are not important, but "good" and "fair" salaries indicate a strong correlation with intention to remain, signifying that as long as the compensation is competitive, financial rewards are not the primary factor in retention. Kochanski and Ledford (2001) supported this testimonial, which signify that the actual level of pay is less important than feelings about pay raises and the process used to manage them.

Compensation is the core component of the production-reward exchange process and the employment relationship. Once the employees perceive that their employers cannot offer their expected level of compensation, they may leave the organization (Mondy, 2010). As Malkovich and Newman (2002) observed, employees tended to leave the company when a competing company has a better compensation offer, because hospitality skills are generally transferrable from one employer to another.

In investigating the link between employee benefit programs and retention, another model was examined with regard to the effect of monetary worth (an objective factor) of employee stock options programs and the feeling of participating in company management through this (a

subjective factor), which may lead to withdrawal intention and actual spontaneous resignation by way of multi-step awareness, i.e. satisfaction with the system, overall job satisfaction, and organizational commitment (Buchko, 1993). In summary, this model clarify that both the objective and subjective factors are related to retention, and that job satisfaction is important as an intermediary factor.

#### 2.6.4 Career Development

Aside from compensation and benefits, career development is another job characteristic that makes hospitality work an inferior choice of careers (Richardson, 2008). Richardson (2008) highlighted that poor or unclear career structure plagues the image of hospitality work. This is a critical concern as Hartman and Yrle (1996) investigated whether the lack of self-development contributes to the turnover rate. In their study, they proposed that employees are likely to become hobos and leave when they perceived limited promotional opportunities. Similarly, Woods, Sciarini, andHeck (1998) surveyed almost 5,000 hotel general managers and concluded that a lack of advancement opportunity is one of the most cited turnover causes.

Barron, Maxwell, Broadbridge, and Ogden (2007) even found that Generation Y young people expected a quick linear promotion in hospitality by changing jobs on a regular basis. This phenomenon is not something unexpected as the tourism and hospitality industry is on a growth track (UNWTO, 2010). Therefore there will be more job openings and promotion opportunities available in the future. In addition, as baby boomers start to retire in large numbers many more openings will be created. Baby boomers are the largest generation the world has ever known. While many in the Western world would already be retired, the lingering recession has caused many of these people to lose large portions of what they once believed was a comfortable amount of savings for retirement. As a result of that, baby boomers are delaying their retirement for economic reasons and still occupying jobs they have long held. Yet they will be leaving their positions in the near future.Baruch (2004) argued that this group of workforce has traded company loyalty for more short-term and financially beneficial employment relationships. Considering the above findings and situations, both limited promotion opportunities within the company and having the prospect of career advancement by joining another company are the drives of turnover intentions.

Work environments that are high in work stress have been known to lower perceived organizational support (Kuusio et.al.2010; Stamper &Johlke, 2003). According to McGrath (1976), stress is defined as when an environmental situation is perceived as presenting a demand that threatens to exceed the person's capabilities and resources for meeting it under conditions where he/she expects a substantial differential in the rewards and costs for meeting the demand versus not meeting it. Areas of job stress include work overload, role ambiguity and role conflict which are known indicators to decrease perceived organizational support and organizational commitment (Kuusio et al., 2010).

According to Friday & Friday (2003), promotion satisfaction evaluates employee's attitudes towards the organization's promotion policies and practices. In addition to this Bajpai& Srivastava (2004) suggest that promotion offers employees with opportunities for personal growth, more responsibilities and also increased social status. Research specifies that employees who recognize that promotion are made in a reasonable and just manner are most expected to experience job satisfaction

#### **2.6.5** Stress

Stress is a vague term in the sense that it is hard to quantify. Spector (2003) commented that occupational stress is correlated to various outcomes including reduced productivity, absenteeism and ultimately employee turnover. According to Lo and Lamm (2005), there is literature suggesting that the hospitality industry is a less risky industry of occupational stress due to the reliance on emotional labor. However, other researchers advocated that occupational stress is a significant factor in the hospitality business (Hsieh and Eggers, 2011; Zohar, 1994).

Cartwright and Cooper (1997) identified several environmental sources of occupational stress, including the intrinsic factors of the job, role in the organization and work-home interface. As these authors suggested, the gene of the job itself can be the source of stress. In Wallace's (2003) work about managing shift work, he indicated that long working hours, unpredictable shifts, limited breaks, and heavy mental, emotional and physical demands are the concerns that lead to occupational stress. These are the typical traits of hospitality jobs. The role of employees in the company generates stressalthough these studies explained the correlation between stress and turnover behavior, Lo and Lamm (2005) suggested that occupational stress is not the only reason

contributing to turnover. Management needs to understand other causes of turnover for a better picture.

#### 2.6.6 Interpersonal relationships

Hospitality is a labor-intensive industry that requires intimate internal interaction to achieve the common organizational goal. Interaction between superior, subordinate or co-workers is unavoidable and so is the existence of conflicts (West, 2007). The interpersonal relationship between employees among the same level and across different levels is critical to the operation. West (2007) was surprised that there was not much literature distinguishing the interpersonal relationship with superiors and with co-workers. She argued that subordinate may perceive superior as representatives of the organization, so the outcomes of conflict would be different.

The satisfaction of relationship with superiors is found negatively correlated with turnover rate (Gerstner & Day, 1997, cited in Harris, Wheeler & Kacmar, 2009). According to Eatough (2010), work-related behavior and situations such as management style, limited resources availability, incorrect job instruction and fairness are the causes of interpersonal conflict with supervisors. Perceived fairness, or perceived equity, plays a critical role in how employees perceive their workplace treatment. According to Aamodt (2004) employees who appreciate working with their superiors will be more satisfied with their jobs. Satisfaction with superiors is associated to organizational and team commitment, which results to higher output, lower turnover and a greater willingness to assist (Aamodt, 2004).

The degree to which associates are friendly, capable and helpful is another dimension that influences job satisfaction (Robbins *et al.*, 2003). Research shows that personnel who have supportive colleagues will be more satisfied with their jobs (Aamodt, 2004, Robbins 1989: 2005) since supportive co-workers serve as a source of support, security, advice and support to the individual worker (Luthans, 1995). If there is a good relationship, communication, support, encouragement and understanding between co-workers leads to job satisfaction and can limit the chances of turnover in the organization.

Research has also shown that employees perceive the levels of satisfaction of other subordinates and then perfect these behaviors (Salancik&Pfeffer, 1997, as cited by Aadmodt (2004). They believe that if an organization's veteran employees are hard workers and communicate

confidently about their jobs; new personnel will perfect this behavior and become productive and satisfied. The opposite can also be true.

#### 2.6.7 Perceived Alternative Employment Opportunity

Perceived alternative employment opportunity, also known as perceived ease of movement, is the perception of the availability of job alternatives (Lee & Mitchell, 1994). This perception is an uncontrollable factor because it is closely associated with the external environment, such as availability of job vacancies and unemployment rate. In an early study of Hulin, Roznowski, and Hachiya (1985), they revealed the significant relationship between availability of jobs and voluntary turnover. Numerous studies acknowledged that the perception triggers the turnover intention (Griffeth, Hom, &Gaertner, 2000; Khatri et al, 2001; Mor Barak, Nissly, & Levin, 2001).

In addition to the market condition, educational background may affect the perception too. Mor Barak and et al (2001) investigated that workforce with higher educational background perceived more employment opportunities. Higher educated workforce may consider their qualification as a competitive advantage over less educated workforce by having more choices of alternative positions. Lee, Mitchell, Holtom, McDaniel, and Hill (1999) pointed out that the term 'perceived alternative employment opportunity' was not properly defined, because employees did not need to have an offer on hand in order to perceive the availability of job alternative. In addition, a general non-work option can be the 'alternative' in the mindset. In other words, employees may perceive availability of alternatives as long as they think they can get a job elsewhere, regardless it is now or later.

#### 2.6.8 Personal Antecedents of Turnover Intentions

Hom and Griffeth (1995) found that most demographic predictors, including cognitive ability, education, training, marital status, kinship responsibilities, children, gender, age and tenure, had modest predictive strength for turnover. The meta-analysis conducted by Griffethet al. (2000) affirmed Hom and Griffeth's (1995) findings, except for the fact that Hom andGriffeth (1995) never found a correlation between cognitive ability and turnover, as well as no gender difference in turnover rates. Griffeth et al.'s (2000) findings contrast with past estimates which indicate that more intelligent employees are less prone to leave the organization and that females were more

prone to leave the organization than males.

## 2.6.8.1 Demographic variables

#### 2.6.8.1.1 Gender

Research by Loscocco (1990) indicated that women are entering the workforce in numbers and it is vital to recognize how men and women might vary with regard to job attitudes. There is a huge amount of evidence clarifying the gender-job satisfaction relationship. However, study in this regard has been unpredictable. Some literature reports that males are more satisfied than females; others recommend females are more satisfied and some have established no differences in satisfaction levels based on gender (Loscocco, 1990).

According to Spector (2000), most revisions have established only a few differences in satisfaction levels amongst males and females. Loscocco's (1990) research indicates that female employees reflect higher levels of job satisfaction than male employees across different settings. The research conducted illustrates that most women assess rewards that are readily available to them such as association with co-workers. This makes it very easy for them to experience job satisfaction whereas male employees are inspired by things like autonomy and financial rewards which are not readily available and might result in lower levels of job satisfaction.

A study by Alavi&Askaripur (2003) amongst 310 employees in government organizations', found no major difference between male and female employees. Carr and Human's (1988) exploration is consistent with this view. These authors investigated a sample of 224 employees at a textile plant in the Western Cape and found no substantial correlation between gender and satisfaction. Furthermore, Pors (2003) piloted a study including 411 Danish library managers from the United Kingdom and established that there is no overall difference in job satisfaction in relation to gender.

## 2.6.8.1.2 Age

Research reflects mixed confirmation on the impact of age on job satisfaction, most literature suggest a positive relationship, that is, older workers tend to be more satisfied with their jobs than younger workers (Okpara, 2004; Rhodes, 1983, as cited by Kacmar& Ferris, 1989; Saal& Knight, 1988).

Okpara (2004) explains the positive relationship between age and job satisfaction in that older employees are most likely to experience higher levels of satisfaction as they adjust to their work over the years. Older employees are also likely to become more satisfied due to the fact that prestige and confidence are likely to increase with age. When younger employees perceive themselves more mobile, they may pursue greener pastures, which could lead to lower levels of satisfaction (Okpara, 2004). Younger employees may experience lower satisfaction levels if they hold high expectations of their jobs (Okpara: 2004). Other studies differ from this view by stating that age does not significantly explain variance in job satisfaction levels (Alavi&Askaripur, 2003; Carr& Human, 1988; Kacmar& Ferris, 1989; Siu, 2002).

#### 2.6.8.2 Tenure

According to Saal& Knight (1988), tenure is likely to influence job satisfaction. Bilgic, 1998 as cited by Okpara, 2004), Jones-Johnson & Johnson, 2000; Staw (1995) noticed a positive relationship between tenure and job satisfaction and argue that employees with more job knowledge are more satisfied associated to those with fewer years of experience. This positive relationship advances that employees settle into their jobs over period and this leads to an increase in organizational commitment and job satisfaction (Okpara, 2004). Robbins (1989) supports this declaration by maintaining that the duration an employee holds a job, the more they tend to be satisfied with the status quo.

On the other hand Lambert et al. (2001) propose a different view. They debate that there is an inverse association between tenure and job satisfaction, hence, longer tenured employees are less satisfied than those who have been in the organization for shorter periods. They emphasized further on this statement by saying that employees who hold the same job over a long period might find their jobs boring and may experience lower levels of satisfaction. Alavi and Askaripur (2003) conducted research among 310 employees in governmentorganizations' and found no substantial difference in job satisfaction amongst employees based on their years of service; therefore this regard is inconsistent in this regard

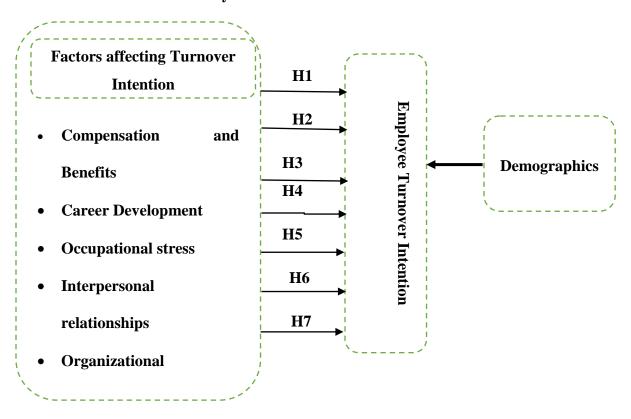
## **Conclusion**

The issue of a high turnover rate in Macau is still on the top of the list of human

resourcesmanagers. Surprisingly there were not many scholars or practitioners putting effort into studying this situation. In terms of revenue, Macau is the leading gaming destination in the world. Considering the potential impact brought by high turnover rates, the situation should gain more attention from the academic field.

There was ample research studying causes of turnover compensation and benefits, career development, stress, interpersonal relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction. These variables were found to have different inter-relationship with each other. They are complicated in the sense that different scholars found different results under different contexts. The same case applies to the correlations between these causes and turnover. However, different studies may find various strengths of correlation. These causes were found to impact turnover to a certain extent. It is hard to judge if the same scenario will happen in Macau as related studies are still very limited.

## 2.7 The framework of the study



Source; researcher's compilations

## CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

This chapter discusses the processes and techniques used in carrying out the study. It also gives a description of the respondents including information on the study population, the number of respondents and how they were selected. It also provides an outline of research design and the instruments for data collection. The methods adopted in the administration of the research instrument, data collection procedure, data analysis and measures used to ensure validity of the instrument used.

## 3.1 Research Design

The methodology adopted to investigate the research questions are described and outlined below.

As Burns & Bush (2002) stated, research can be used for three Purposes. These are descriptive, exploratory, and explanatory. Causal research primarily explains why events occur by defining the cause-and-effect relationships amongst variables and suitable when the research problem is already well documented (Zikmund 2003). Descriptive research 'paint a picture' using words or numbers and present a profile, a classification of types, or an outline of steps to answer questions such as who, when, where and how (Neuman 2006, p. 35). While exploratory studies are common in the initial stages to gain a better understanding of the problem with in-depth investigation by breaking down a broad problem into smaller and well-defined sub-problems. (Wong 1999).

Consequently, confirmatory research with a quantitative designs adopted under this study; where survey research is followed since it provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population that includes a cross-sectional study using questionnaires for data collection with the intent of generalizing from a sample to a population (Fowler, 2008) consequently, a cross-sectional research isapplied since this enables the researcher to compare two or more groups once and represent a snapshot of one point in time.

A survey questionnaire is also adopted (self-administered and emailed questionnaire) to obtain primary data that enables the researcher to measure the relevant constructs in a quantitative manner through the use of statistical techniques (correlation and ttests) to analyze the respondents' level of agreement or disagreement in the differences between socio-demographic variables employed in the study and the factors affecting employees turnover intentions(Creswell, 2014).

## 3.2 Population and Sampling Techniques

Subsequent to the justification of the research methodology, a sample design is chosen to collect relevant information for the research problem. In selecting a valid sample employees of the Ethiopian airlines headquarter in Addis Ababa, definition of the target population, selection of sampling method, and determination of sample size is essential

## 3.2.1 Population

Population is described as a group of elements or cases, whether individuals, objects, or events, that conform to specific criteria and to which we intend to generalize the result of the research (McMillan and Schumacher, 2001). For the present research, the target population comprises of 1177 employees of the Ethiopian airlines at Head Office (727from Human Resource Management department and 450Finance) in order to assess the employee turnover intension in Ethiopian Airlines and determine the factors that trigger the turnover intention of employees questionnaire items are directed at Human Resource Management department and Finance permanent employees of ET at head quarter.

## 3.2.2 Sampling frame

For the purpose of this study nonprobability design is used in the form of convenience sampling. The rationale for employing this sampling method will be due to the researcher being employed at one of the three centers where the study is conducted, hence this ensures an easy access to the respondents, their availability, plus for the researcher it is less time consuming and inexpensive to gather the research information. Moreover, it is also the only feasible alternative sampling method as a result that the total population may not be available for this study. However, the selected sampling design is associated shortcoming relates to its restricted generalizability, particularly in terms of the higher chances of sampling errors (Sekaran, 2003). To overcome restrictions with respect to generalizability, Sekaran (2003) maintains that it is advisable to use larger samples.

## 3.2.3 Sample size

If a universe from which a sample is to be drawn do not constitute a homogeneous group stratified sampling technique is to be applied to obtain representation sample. That is to obtain representative sample. Since we have to get representative sample from the two sections of EALdepartment is used as a measure population divided in to two strata that individually be more homogeneous than the total population and then select item from each stratum. The total population for this study is estimated to be around 1177 and the sample size, taking the rational discussed earlier will be 150. Following With, 90% confidence interval and 0.05 the confidence interval (also called margin of error) sample determination of calculation done as follows.

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

Where:

n = no. of samples

N = total population(1177)

e = error margin / margin of error with a confidence level of 90 percent (giving a margin error of 0.1),

 $n = 1177 / (1 + 1177 * 0.08^2)$ 

n = 1177 / (1 + 7.532)

n = 150 samplings

In determining the sample size from total population Naresh (2007) model is used and the researcher believed and selected the fifth stage because the total population is about 1177 and considering there will be some non-return rate the researcher includes additional 25 samples. Proportional allocation under which the size of the samples from the different strata will be kept proportional to the size of the strata. A sample size n = 150will be drawn from a population of size N = 1177 which is divided into two strata of size N = 450 where P = 150 (450/1177) = 57, N = 727 where P = 150(727/1177) = 93. Thus using proportional allocation, the sample sizes for the two department's i.e. Finance and HR department will be 57 and 93 respectively.

## ${\bf 3.3} \qquad Types of Data and Tools/Instruments of Data Collection$

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer the stated research questions, test hypotheses, and evaluate out comes. Whereas the study uses a self-administered paper-based questionnaire (the survey method) which is designed according to the aims of the research both qualitative and quantitative data is collected. The qualitative data is obtained from an open ended questions provided on the survey instrument and the questionnaire uses a five-point Likert scale to measure the variables employed to obtain quantitative data.

The questionnaire has three parts; the first part of the questionnaire is e used to screen prospective of respondents to determine whether they are Human resource and finance Department employees of ET. This section also asks the respondents for their demographic information (gender, age, Academic qualification and years of experience).

The second part of the questionnaire measures the relevant constructs of interest to this study that includes series of 24 statements that covered (turnover intention, Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment) to influence workers" turnover intention derived from the focus group. The constructs are measured on a five point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Scales to measure each variables was developed based on prior studies for example ((Chikwe, 2009; Lim, 2008; Taormina & Kuok, 2009; West, 2007).) with some measurements being modified to adapt to this study based on focus group that was conducted (a pilot test with a sample of 3) with employees if ET to reveal differences in opinions factor affecting employees turnover intentions.

The English version of structured questionnaire items is directed at Particularly Human resource and finance Department employees of ET since they were the main focus of this study. The third part contains Additional open ended questions to the respondents' asking their feedback regarding their turn over intention and the factors that may affect their intention in ET

#### 3.4 Procedures of Data Collection

Data used to test the research model has been gathered from a sample of respondents by hand

after the respondents done filling for self-administered and email for structured questionnaire that will be distributed through the organizations e-mail to selected respondents of the week days (Mondays-Fridays). The screening question ensured that only Human resource and finance Department employees of ET participated in the study.

## 3.5 Methods of Data Analysis

Data analysis is carried out using the Statistical Package for Social Science (SPSS) version 23. The methods of statistical analysis include descriptive statistics, factor analysis and reliability analysis and correlation analysis.

#### 3.6 Ethical Consideration

Before the research was conducted on the selected organization, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these Application of Corporate governance Principles, the case ET points because the law of ethics on research condemns conducting a research without the Consensus of the respondents for the above listed reasons.

## CHAPTER FOUR: RESULTS & DISCUSSION

This chapter presents results and a discussion of these results. A demographic profile of the participants is provided. The chapter focuses on participants' ratings of turnover intention factors and correlations between the two variables relationships. In addition, the relationship between Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment and turnover intention with in Ethiopian airlines are presented. Quantitative data supporting the findings are provided. Eight research hypotheses were tested and results are discussed.

## 4.1 Description of Sample

Dillman, Smyth, and Christian (2009) recommended using multiple methods of contact (e.g., human interaction and mail) to improve response rates. Of the 150 questionnaires distributed to Ethiopian Airlines head quarter permanent employees(Human Resource Management and Finance department) 120 were returned (80 % response rate) and of the 150 questionnaires, 75 were hand delivered to Human Resource Management and Finance department ET employees and 75 were delivered via priority e mail to the remaining Employees. As presented in Table 1, response rates for hand-delivered questionnaires were higher than for those sent via priority e-mail

**Table 1: Questionnaire Distribution and Response Rates** 

Distributed (%)	Returned (%)	Response Rate (%)
75 (50%)	67 (55.83%)	89.33%
75 (50%)	53 (44.7%)	70.7%
150	120	80%
	75 (50%) 75 (50%)	75 (50%) 67 (55.83%) 75 (50%) 53 (44.7%)

Source:researcher'sowncompilation of Survey data 2016

As presented in Table 2, response rates for hand-delivered questionnaires were higher than for those sent via priority mail. The primary researcher's personal relationships and ongoing network efforts with hotel management representatives may have contributed to the high response rate received when using the hand delivery method versus the priority mail method.

## **4.2 Demographic profile of the respondents**

**Table 2: Demographic profile of the respondents** 

Respondent characteristics	Number of respondents	Percentage %
	n = 120	
Gender		
Male	62	51.83%
Female	58	48.20%
Age		
Under 25	0	0.00%
26-35	37	30.70%
36-45	24	19.60%
46-55	31	25.70%
Above 55	25	20.60%
50 years and over	4	3.40%
Academic qualification		
High school complete	4	3.25%

Diploma	7	5.70%
BA Degree	83	69.04%
Post graduate Degree and above	26	22.01%
Years of experience		
Less than 1 year	7	6.10%
1-5 years	10	8.40%
6-10years	8	6.70%
More than 10 years	95	78.80%
Department		
Human Resource	63	52.50%
Finance	57	47.50%

Source: researcher'sowncompilation of Survey data 2016

Table 2above shows that the survey includes a slightly higher percentage of male participants (51.8%) than female participants (48.2%). Most of the respondents are in the age bracket from 26 to 35 years old (30.70%), followed by those of 46 to 55 years of age (25.70%). This means that more than two-thirds (69.5%) of the sample group are under 50 years old.

The highest level of education completed was: high school (3.25%), Diploma (5.70%), college degree (69.04% and graduate degree (22.01%). The majority of participants had obtained a college degree. However, the questionnaire did not define the terms "university" and "college" and thus the terms may have had different meanings for each participant. Therefore it may be difficult to interpret the data and generalize the findings related to highest level of education completed. Job experience aim to know about the number of years since working with the current organization. The results show that majority of the respondents were more than 10 years

of experience (78.80%) and then 1-5 years of experience were (8.4%), less than 1 years working with their current organizations were (6.10%), 6-10years of experience were (6.7%) . Employment department status of the respondents shown (52.50) Human Resource and (47.5%) From finance department.

## **4.2 Descriptive Statistics Turnover Intentions**

## 4.2.1 Empirical analysis: Reliability and Validity

The literature review led to believe that there are eight dimensions and 23 sub-dimensions of turnover intention. Based on (Chandon, et al. 1996) the researcher proceed in two steps: scale purification and scale validation. First, exploratory factor analyses and measures of internal consistency (Cronbach's alpha) are used for each a priori dimension. Next a confirmatory factor analysis using the co-generic measurement model of Joreskog is used to verify that the dimensions as measured by the items selected in the first step are truly convergent and unidimensional. Therefore, the possibility that ET employees may not perceive all these sub-dimensions will not be a problem in this study since the researchers examine unidimensional, convergent validity, discriminator validity, and the internal consistency of each dimension.

Reliability analysis allows studying the properties of measurement scales and the items that make them up. The Reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Intra-class correlation coefficients can be used to compute interrater reliability estimates.

Based on this, reliability analysis were performed to make sure that weather questionnaires used measure interactive service quality in service encounters in a useful way. Furthermore, the study used Cronbach coefficient (alpha) to assess the internal consistency of modified (Perceived Alternative Employment Opportunity, Career Development, Occupational Stress added as a new dimension to the adaptive construct dimensions: Organizational Commitment, JobSatisfaction, Interpersonal relationships, and Compensation and Benefits).

To ensure internal consistency among the items included in each of the scales, Cronbach's coefficient alpha is estimated. Higher Alpha coefficients indicate higher scale reliability.

Specifically, (George &Mallery 2003) suggested that scales with 0.60 Alpha coefficients and above are considered acceptable. Reliability analysis allows studying the properties of measurement scales and the items that make them up. The Reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Intra-class correlation coefficients can be used to compute interrater reliability estimates. Based on this, reliability analysis were performed to make sure that weather questionnaires used to measure factors affecting turnover intentions of EAL employees.

Table 3: Reliability of the Perceived Turnover Intentions Questionnaire ((Cronbach's Alpha)

Scale	Number of items	N	Cronbach
Organizational Commitment	4	120	0.963
Career Development	3	120	0.943
Interpersonal relationships	3	120	0.858
Perceived Alternative Employment Opportunity	2	120	0.877
Job Satisfaction	3	120	0.956
Turnover intentions	3	120	0.924
Occupational Stress	1	120	0.703
Compensation and Benefits	4	120	0.846

Source: researcher's own compilation of Survey data 2016

All the scales that are used to measure the dimensions in this study were tested for reliability prior to their use in the main research analysis. Cronbach's alpha coefficient (a) is applied in this regard. This is a widely used method which specifies how well a set of items measure a single, unidimensional latent construct (Sijtsma, 2009, p. 109). The Cronbach alpha values range from 0 to 1 with values above 0.7 generally considered a good indicator of an internally consistent (reliable) scale (Nunnally, 1978, p. 245). The results presented in Table 3 above indicate that the Cronbach alpha values calculated for the data in the study range from .703 to .956. Thus it was

established that the scales used in this study are highly reliable

## **4.3** Exploratory factor analysis(validity)

An exploratory factor analysis using the Principal Component Analysis (PCA) was carried out to ascertain whether the scale items are correctly loaded for the dimensions used in this study. PCA is a technique for finding a few new variables, computed as linear combinations of the existing variables, which account for most of the variance (information) in the data. (Akturan&Tez- can, 2012, p. 450). To achieve construct validity, factor loadings must be statistically significant. This is tested by obtaining a loading of 0.50 or higher with a bottom cut-off point of 0.70 (Hair et al., 2011, p. 444). It is widely agreed that factor loading values that exceed .50 are significant indicators of convergent validity. The results shown in Table 4 below indicate that the factor loadings for the scale items used to measure the dimensions range from .744 to.965. Therefore, all the items used have achieved convergent validity

**Table 4: Exploratory factor analysis** 

Measurementitemsoftheconstructs	Factor loadings
Turn over intention	
1-I often think about leaving my job	.780
2-I will probably look for a new job in the coming year	.803
3-I will very likely look for a new job in the coming year	.887
Perceived Alternative Employment Opportunity	.931
4-I feel I will get a better paying job if I leave ET	.920
5-I feel I would get a better work environment should I leave ET	.889
Organizational Commitment	.891

6- The location of the company is far from my residence	.768
7-I feel safe in the location of my work place	.934
8-I am comfortable on the city I live	.942
9-working in ET has increased my social status	.965
Job Satisfaction	.925
10-I am satisfied with my current job and want to stay in ET	.803
11-My office layout is motivating for work	.855
12- I get training whenever there is a need ⁢'s fairly distributed to all	.876
Interpersonal relationships	.836
13-I have great relationship with my boss so I would like to work in my current position for long time	.839
14- My immediate supervisor assist me whenever I have queries	.818
15-My coworkers are friendly and cooperative	.758
Career Development	
16-I feel my work is recognized in the company so I have a plan to stay in ET.	.922
17-I want to stay in ET because I feel I have a future in a management	.911

position.	
18-when an employee excels in performances, there is reward.	.913
Occupational Stress	.940
19- I frequently have stress because of work overload, so I am looking for better job outside the company	.944
Compensation and Benefits	.885
20-ET assist me on my career development through incentives	.787
21- I am satisfied with the company salary scheme	.815
22- I am happy with the medical insurance coverage the company provides	.725
23- The company provides excellent fringe benefit package.	.818

Source: researcher's own compilation of Survey data 2016

## 4.4 Descriptive statistics of the research constructs

Descriptive statistics in the form of arithmetic means and standard deviations were computed for the various dimensions assessed in the survey. The results are presented in Table 4

Table 5: Means, Standard deviation, Minimum and Maximum scores

Variable	N	Min	Max	Mean	Std. dev.
Perceived Alternative Employment Opportunity	120	1	5	1.94	0.585
Career Development	120	1	5	3.20	1.90
Interpersonal relationships	120	1	5	3.92	1.62

120	1	5	2.20	1.80
120	1	5	2.86	1.268
120	1	5	4.08	1.11
120	1	5	2.11	1.65
120	1	5	2.90	1.60
	120 120 120	120 1 120 1 120 1	120 1 5 120 1 5 120 1 5	120     1     5     2.86       120     1     5     4.08       120     1     5     2.11

Source: researcher's own compilation of Survey data 2016

The turnover intention items in the questionnaire made use of a 5-point Likert scale where 1 = very low and 5 = definite. According to the data presented in Table 4.Above, the sample shows moderate levels of turnover intention (Mean = 2.86, SD = 1.268). Most participants were therefore uncertain about their intention to leave.

The job satisfaction items in the questionnaire made use of a 5-point Likert scale where 1 = disagree very much and 5 = agree very much. A high score would therefore indicate that participants are highly satisfied with some components of job satisfaction similarly Interpersonal relationships reflect high means of 3.92 (SD = 1.62)

The descriptive statistics of the components of job satisfaction displayed above reflect that, employees of a selected ET company are fairly satisfied with the components of job satisfaction such as promotion satisfaction, supervisor appreciation and meaningful work. These results reflect that these components of job satisfaction are not a strong contributing factor of turnover intention in the selected ETCompany HR and finance department

The job mobility items in the questionnaire made use of a 5-point Likert scale where 1 = not very likely and 5 = definitely. The sample displays moderate levels of job mobility with a mean of 1.94 (SD = 0.585) while Compensation and Benefits with mean 2.90 (SD=1.60) indicting above average satisfaction of ET employees.

The descriptive statistics of job mobility in a selected HR and Finance department reflect that employees of a selected of ET are not certain about leaving the organization. As reflected in the opening chapter, this industry is at a monopoly stage, where new very small private companies

are existed and the industry is also dominated. These finding might be the contributing factor of their uncertainty to leave the organization because job opportunities are minimal.

#### 4.5 Inferential Statistics

The purpose of using correlation coefficients is to depict the relationship between two variables with the degree of association. However, correlation analysis was carried out in the study for two purposes. The first is to check the presence of multicollinearity, which is revealed when the inter-correlation between explanatory variables (dimensions). Secondly, correlation analysis helps to explore the relationships between independent and dependent variables. Spearman's rank correlation is used to measure association between two variables accordingly (SPSS 16 user guide manual).

The procedure used for the purpose is subject to two tailed tests of statistical significance at two different levels (Two-tailed is used since the direction of association is not known in advance) highly significant (p < 0.01) and significant (p < 0.05). A high level of correlation is implied by a correlation coefficient that is greater than 0.5, a mid-level of correlation is implied if the absolute value of the coefficient is greater than 0.2 but less than 0.5, and low level of correlation is implied if the absolute value of the coefficient is less than 0.2. Bivariate correlation coefficients were computed (ignoring the effect of all other variables), and the values are presented in Table 5.

Inferential statics are used in this present chapter in order to reach conclusions that extend beyond the immediate data alone. Inferential statistics are used in research to make judgments of the probability or inferences from the data to more general conditions and to determine the relationship between turnover intention and the components

**Table 6: Correlations among the variables** 

Variable	1	2	3	4	5	6	7 8
Interpersonal relationships	.89						
Compensation and Benefits	.44*	.85					
Growthopportunities	.42*	.36*		.78			

Perceived Alternative Employment Opportunity	.63*	.68*		.50*	.94			
Organizationalcommitment	.54*	.53*		.41*	.73*	.88		
Jobssatisfaction	.37*	.32*		.31*	.51*	.57*	.83	
<b>Turnover intentions</b>	32 <b>*</b>	36 <b>*</b>	34 <b>*</b>	- <b>.44</b> *	52 <b>*</b>	- <b>.43</b> *	.95	
Occupational Stress	05	04	14 <b>*</b>	16 <b>*</b>	- <b>.</b> 19*	14 <b>*</b>	.36*-	

*NOTE:* Correlation is significant at the \*p < .05.level (2-tailed).

N = 120

The antecedent of turnover intentions were all significantly correlated with one anotherbut not so highly as to suggest that they are not distinct (In this case, all correlations are statistically significant because all p-values are less than 0.05). Each of the antecedents are, commitment (r=-.52\*), satisfaction (r=-.44\*), Jobs satisfaction (r=-.43\*), Compensation and Benefits (r=-.36\*), Growth opportunities (r=-.34\*), and Interpersonal relationship (r=-.32\*) significantly correlated with Turnover intentions, furthermore the variables commitment, perceived alternative employment opportunity and job satisfaction were found to be the most strongly correlated variables with turnover intentions. All of the study variables (except stress) were significantly negatively related to turnover intentions.

Unless otherwise specified, when we say "correlation coefficient," we mean the estimate (r) calculated from the data. The correlation coefficient is always between -1 and +1, where -1 indicates that the points in the scatterplot of the two variables all lie on a line that has negative slope (a perfect negative correlation), and a correlation coefficient of +1 indicates that the points all lie on a line that has positive slope (a perfect positive correlation). In general, a positive correlation between two variables indicates that as one of the variables increases, the other variable also tends to increase. If the correlation coefficient is negative, then as one variable increases, the other variable tends to decrease and vice versa. (Neither of these conditions implies causality.)

# **4.6 Hypothesis Testing**

Table 7: Hypothesis Testing

Hypothesis	Proposed Null Hypothesis	Estimate	P	Result
H1	There is a significant positive relationship between Perceived Alternative Employment Opportunity and turnover intentions amongst employees of ET	52*	.05	Not supported
H2	There is a significant negative relationship between Career Development and turnover intentions amongst employees of ET.	34*	.05	supported
Н3	There is a significant positive relationship between stress and turnover intentions amongst employees of ET	-	-	Not supported
H4	There is a significant negative relationship between Interpersonal relationships and turnover intentions amongst employees of ET.	32*	.05	supported
H5	There is a significant negative relationship between Compensation and Benefits and turnover intentions amongst employees of ET.	36*	.05	supported
Н6	There is a significant negative relationship between job satisfaction and turnover intentions amongst employees of ET.	43*	.05	supported
H7	There is a significant negative relationship between organizational commitment and turnover intentions amongst employees of ET.	52*	.05	supported

## CHAPTERFIVE:SUMMARY OF FINDINGS

The aim of this chapter is to present a summary of all the findings and to make conclusions based on that. Additionally, the implications of the study to the theory and practice are addressed along with directions to future researches. Finally, the limitations of the study and suggestions for further research have been presented.

## 5.1 Summary and Conclusions

The objective of the researchis toinvestigate the effect of independent variables (Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment) on the dependent variable (turnover intention). The objective of this study is also to check the relationship between the variables.

The research of (Ramesh Kumar, Charles Ramendran&Peter Yacob, 2012) proved that there is a significant relationship between organizational commitment and turnover intention as the p-value of their research was 0.000 which is less than alpha value0 .01 but the study showed the significant effect of organizational commitment on turnover intention though negatively related. The reason may be is that this hypothesis is the poor response of the respondent and biasness of the respondent and organizational commitment is not only responsible for low turnover intention. In current economic conditions everyone wants to get the best so if one comes with best opportunities and required working conditions then organizational commitment no more plays role in decreasing turnover intention.

The study also proved the negative relationship between the job satisfaction and turnover intention. When the job satisfaction is greater the turnover intention will be lesser and vice versa. Job satisfaction is the difference between the employees expected benefit and the benefit which he/she actually receive or it is employees feeling of pleasure with his/her job is job satisfaction. The Higher the difference between expected benefits and actual benefits will result in higher turnover intention. Therefore ET should work to minimize this difference to make its employees more satisfied to reduce their turnover intention. This study on the other hand shows that when the employees are more satisfied they retain their entity but if they are not satisfied they leave the

organization since the tow variable found to be negatively correlated.

There is a significant negative relationship between Interpersonal relationships and the turnover intention in the study meaning, if the flow of information between leader and members are more fluent they will be more satisfied with their job and their intention of turnover will be lower. High information exchange between leader and follower generates loyal relations and the employees with effective relationships with seniors are also treated on preferential basis. The negative correlation among the variables indicated that ET should work to increase relationship between the leader and members so that they may understand each other and the result in lower turnover intention of employees. If the relationship between leader and members is poor the employee's turnover intention will be motivated.

On the other hand, the study result showed that organization commitment will be negatively related to turnover intention also supported of the present study. It suggest that when employees committed with their organization, they love their job and not actively seek for other situations and alternative jobs. Organization commitment maintain employees in organization and eliminate turnover intentions in working environment. Organization, display more organizational citizenship behaviors' and lower turnover intention (Sun, Aryee, and Law, 2007). Research done by Hannan, Norman, and Redfern (2001) concluded that factors such as training/education, supervision and group cohesiveness, all tapped by the measure of organizational quality environment, were direct predictors of staff commitment.

Though there are research support that job stress influences intention to leave although the linkage appears to be indirect. As stress increases, job satisfaction and organizational commitment decrease. Low job satisfaction and low organizational commitment increase the propensity to leave (Sager, Griffeth and Hom). Griffeth, Hom and Gaertner (2000) in their study found that work satisfaction might display the highest relationship to turnover among all kinds of satisfaction surfaces on the other hand this research finds quite different showing that that there is no significant relation between stress and turnover intentions at all.

The research findings also indicated that demographic variables have a relationship with turnover intention among the employees of ETin addition to be more specific, turnover intention will reduce due to increase of age, length of services and employment history. With the increasing of

experiences and knowledge, employees will gain more job satisfaction and job performance then, they will become more commit with organization. In this study it is found that compensation and benefit, correlates with the condition of independence variables in an organization. Therefore may be the raise of salary and benefit packages can improve ETemployee's organizational commitment and job satisfaction to produce desire outcome. Hence, ET human resource department should rewards performance incentive and allowances to employees accordingly to reduce the turnover intention of ET employees.

#### **5.2 Recommendation**

The current study provide the following recommendations. Manager of ET has to focus on perceived organizational support because it has significance influence on turnover intention. Support employees in workplace, keep care about their demands and compensation. ET Managers also has to know about employee task, objective and role in workplace. Clear goal, task and role will be assigned to each employee and performance evaluation will be based on their individual work, so in this way managers can improve efficiency and effectiveness of employees.

To minimize turnover intention and to enhance employees commitment with organization, ET managers has to support employees and give feedback on their suggestion. Response actively to their complaints and suggestions, so they will love work and not intend to leave the organization. The study suggest for ET managers to give priority compensation and benefit because it has also positive influence on turnover intention. ET has provide opportunities to employees to increase their commitment so they will not actively percept to quite their job. Moreover, turnover can also be attenuated through perceived organizational support clear role

The results that suggested demographic variables, job satisfaction Career Development, Interpersonal relationships, Compensation and Benefits and organizational commitment had contributed significantly on turnover intentions implied that these variables are relevant in understanding turnover intentions of HR and finance staffs of ET.

The study also found that organizational commitment had more significant effect on turnover intentions than from job satisfaction. This result suggests that management of ET should be able

to address problems pertaining to job satisfaction in order to overcome turnover intentions. Among the aspects that need to be given priority by management in addressing turnover intentions in the study are job satisfaction and job characteristics of employee in ET.

Finding of this study also suggests that the positive emotion will be yielded if employees perceived as being taken cared by management with regards to their job characteristics and job satisfaction. Ultimately this will develop and increase level of loyalty and commitment to the organization. These findings are parallel with a study conducted by Sager at al. (1998.) suggests that when employees perceive their organizations as having greater concern on their job satisfaction the emotion of employees will be more positive.

#### 5.3 Limitations and directions for future research

The results of this study have shown a remarkable leading factor in assessing the contribution the (demographic selected factors variables. iob satisfaction Career Development, Interpersonal relationships, Compensation and Benefits and organizational commitment) on turnover intentions. However, this study is limited in the selected Airline Company and based on cross sectional nature of study. The external validity of the results may be limited. Given the cross sectional nature of study it is suggested that future research should consider experimental or longitudinal approach and consider of other subject and setting of the study. A longitudinal approach may help in improving one's ability to make causal statements. Factor such as organizational, personal, occupational and cultural elements apart from job characteristics, demographic variable and job satisfaction that may influence turnover intentions should be explored for further research. Although this study may pose limitation in term of generalizability, however, it furthers our understanding by determining and testing the factors that relate and affect turnover intentions. Therefore, is an initiative towards a greater understanding of organizational attitudes and behaviors particularly on employees' intentions to leave?

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## **Appendix-A Questioner Distributed To Respondents**



# St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

## MASTER OF BUSINESS ADMINISTRATION PROGRAM

## Dear respondent,

The purpose of this questionnaire is to collect data from employees of Ethiopian airlines for conducting Masters of business administration (MBA) thesis on the title "Factors affecting employee turnover intention in the case of Ethiopian airlines". Please be honest and objective while filling the questionnaire. The information you give is used only for academic purpose and will be kept confidential.

Thank you, for your cooperation and timely response in advance

Thank you!!

Samrawit Feseha

#### **General Instructions**

2. Age

- Please answer all questions
- The questions are open and closed ended, so please put tick (✓) for close ended.

## **Part I Demographic Information**

1. Sex	
Male	Female

Below	25 2	- 45		
46 – 55	/e 5	5		
3.	Academic qualific	cation		
	High school	complete	Diploma	
	BA Degree	ost gra	nduate Degrees	
4.	Years of experien	ce		
Less tha	an 1 year	1 – <u> </u>		
	6 – 10 Years	s N	More than 10 Ye	ars
5.	Which departmen	t do you work in?		
	Human Res	o Finan	ce 🔲	

## Part II

Please indicate the level of agreement on the statements below.

Turn over intention  1-I often think about leaving my job  2-I will probably look for a new job in the coming year  3-I will very likely look for a new job in the coming year  Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	Measurementitemsoftheconstructs			
Turn over intention  1-I often think about leaving my job  2-I will probably look for a new job in the coming year  3-I will very likely look for a new job in the coming year  Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	171casar ementitemsortificeonstructs	isee		0
1-I often think about leaving my job  2-I will probably look for a new job in the coming year  3-I will very likely look for a new job in the coming year  Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET				
2-I will probably look for a new job in the coming year  3-I will very likely look for a new job in the coming year  Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	Turn over intention			
3-I will very likely look for a new job in the coming year  Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	1-I often think about leaving my job			
Perceived Alternative Employment Opportunity  4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	2-I will probably look for a new job in the coming year			
4-I feel I will get a better paying job if I leave ET  5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	3-I will very likely look for a new job in the coming year			
5-I feel I would get a better work environment should I leave ET  Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	<b>Perceived Alternative Employment Opportunity</b>			
Organizational Commitment  6- The location of the company is far from my residence  7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	4-I feel I will get a better paying job if I leave ET			
6- The location of the company is far from my residence 7-I feel safe in the location of my work place 8-I am comfortable on the city I live 9-working in ET has increased my social status  Job Satisfaction 10-I am satisfied with my current job and want to stay in ET	5-I feel I would get a better work environment should I leave ET			
7-I feel safe in the location of my work place  8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	Organizational Commitment			
8-I am comfortable on the city I live  9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	6- The location of the company is far from my residence			
9-working in ET has increased my social status  Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	7-I feel safe in the location of my work place			
Job Satisfaction  10-I am satisfied with my current job and want to stay in ET	8-I am comfortable on the city I live			
10-I am satisfied with my current job and want to stay in ET	9-working in ET has increased my social status			
	Job Satisfaction			
11-My office layout is motivating for work	10-I am satisfied with my current job and want to stay in ET			
	11-My office layout is motivating for work			

12- I get training whenever there is a need ⁢'s fairly distributed		
to all		
Interpersonal relationships		
interpersonal relationships		
13-I have great relationship with my boss so I would like to work		
in my current position for long time		
14- My immediate supervisor assist me whenever I have queries		
15-My coworkers are friendly and cooperative		
Career Development		
16-I feel my work is recognized in the company so I have a plan to		
stay in ET.		
17-I want to stay in ET because I feel I have a future in a		
management position.		
18-when an employee excels in performances, there is reward.		
Occupational Stress		
19- I frequently have stress because of work overload, so I am		
looking for better job outside the company		
<b>Compensation and Benefits</b>		
20-ET assist me on my career development through incentives		
21- I am satisfied with the company salary scheme		
22- I am happy with the medical insurance coverage the company provides		
provides		

23- The company provides excellent fringe benefit package.					
Part III.					
25. State your general intention to leave?					
26. According to your opinion, what are the major factors that force I	ET empl	loy	ees to lea	ave?	
27. According to your opinion, what measures should ET take to returnover?	tain its	em	ployees (	or re	duce

# Appendix-B -Scale Measurement adopted

No.	Variables	Variables Items							
1	Turnover intention	I often think about leaving my job	(Dress &Shaw, 2001)						
		I will probably look for a new job in the coming year	Jeffrey (2007),						
		I will very likely look for a new job in the coming year							
2	Job Satisfaction	I am satisfied with my current job and want to stay in ET	(Blau, 1987 (Susskind et al., 2000),						
		My office layout is motivating for work							
		I get training whenever there is a need							
		⁢'s fairly distributed to all							
3	Interpersonal	I have great relationship with my boss so I	Dansereau et al (1975),						
	relationships	would like to work in my current position	Graen et al., 1982).						
		for long time							
		My immediate supervisor assist me whenever I have queries							
		My coworkers are friendly and cooperative							
4	Organizational	The location of the company is far from my	Bartol, K. (1979).						
	commitment	residence	(Mathieu and Zajac,						
		I feel safe in the location of my work place	1990).						
		I am comfortable on the city I live							

working in ET has increased my social
status

# **Appendix -C Detailed Descriptive Analysis of Data**

	(	Cases		Valid									
	Ir	cluded	SD		D	D			A		SA		
	N	Percent	%	N	%	N	%	N	%	N	%	N	Total
I often think about leaving my job	120	100.00%	29.17%	35	25.83%	31	10.83%	13	34.17%	41	0.00%	0	120
I will probably look for a new job in the coming year	120	100.00%	20.83%	25	25.00%	30	23.33%	28	5.83%	7	0.00%	0	120
I will very likely look for a new job in the coming year	120	100.00%	15.83%	19	44.17%	53	15.00%	18	25.00%	30	0.00%	0	120
I feel I will get a better paying job if I leave ET	120	100.00%	5.00%	6	5.83%	7	28.33%	34	32.50%	39	28.33%	34	120
I feel I would get a better work environment should I leave ET	120	100.00%	11.67%	14	21.67%	26	23.33%	28	27.50%	33	15.83%	19	120
The location of the company is far from my residence	120	100.00%	16.67%	20	15.83%	19	26.67%	32	36.67%	44	4.17%	5	120
I feel safe in the location of my work place	120	100.00%	5.83%	7	5.83%	7	10.00%	12	41.67%	50	36.67%	44	120
I am comfortable on the city I live	120	100.00%	16.67%	20	4.17%	5	5.83%	7	47.50%	57	25.83%	31	120
working in ET has increased my social status	120	100.00%	9.17%	11	28.33%	34	51.67%	62	10.83%	13	0.00%	0	120

I am satisfied with my current job and want to stay in ET	120	100.00%	5.83%	7	17.50%	21	30.83%	37	40.83%	49	5.00%	6	120	
My office layout is motivating for work	120	100.00%	10.83%	13	25.00%	30	33.33%	40	19.17%	23	36.67%	44	120	
I get training whenever there is a need ⁢'s fairly distributed to all	120	100.00%	4.17%	5	26.67%	32	50.00%	60	15.00%	18	4.17%	5	120	
I have great relationship with my boss so I would like to work in my current position for long time	120	100.00%	0.00%	0	0.00%	0	11.67%	14	33.33%	40	55.00%	66	120	
My immediate supervisor assist me whenever I have queries	120	100.00%	15.83%	19	10.83%	13	30.00%	36	37.50%	45	5.83%	7	120	
My coworkers are friendly and cooperative	120	100.00%	6.67%	8	6.67%	8	52.50%	63	28.33%	34	5.83%	7	120	
I feel my work is recognized in the company so I have a plan to stay in ET.	120	100.00%	10.83%	13	20.83%	25	40.83%	49	27.50%	33	0.00%	0	120	
I want to stay in ET because I feel I have a future in a management position.	120	100.00%	16.67%	20	25.83%	31	15.83%	19	33.33%	40	8.33%	10	120	
when an employee excels in performances, there is reward	120	100.00%	19.17%	23	30.00%	36	24.17%	29	15.83%	19	10.83%	13	120	
I frequently have stress because of work overload, so I am looking for better job outside the company	120	100.00%	5.83%	7	25.83%	31	41.67%	50	26.67%	32	0.00%	0	120	
ET assist me on my career development through incentives	120	100.00%	16.67%	20	42.50%	51	16.67%	20	24.17%	29	0.00%	0	120	
I am satisfied with the company salary scheme	120	100.00%	5.83%	7	10.00%	12	49.17%	59	15.83%	19	19.17%	23	120	

I am happy with the medical insurance coverage the company provides	120	100.00%	10.83%	13	30.83%	37	15.00%	18	43.33%	52	0.00%	0	120
The company provides excellent fringe benefit package.	120	100.00%	10.00%	12	5.00%	6	20.83%	25	37.50%	45	26.67%	32	120

**SD**=strongly agree

**D**=Disagree**N**= Neutral

A= Agree

**SA**= Strongly Agree