



**ST. MARY UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MASTERS OF BUSINESS ADMINISTRATION PROGRAM**

**ASSESSMENT OF PERCEIVED REASONS FOR EMPLOYEE  
TURNOVER INTENTION AT NIB INTERNATIONAL BANK**

**BY**

**HANNA ASFAW SEID**

**JUNE, 2018  
ADDIS ABABA, ETHIOPIA**

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**HANNA ASFAW SEID**

**ID NO. SGS/0241/2009A**

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**APPROVED BY BOARD OF EXAMINERS**

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Dean, Graduate Studies

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Signature

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Advisor

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Signature

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External Examiner

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Signature

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Internal Examiner

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Signature

## **Declaration**

I, Hanna Asfaw Seid, hereby declare that the thesis entitled **assessment of perceived reasons for employee turnover intention at nib international bank** 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: **Hanna Asfaw Seid**

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

**St. Mary's University, Addis Ababa**

**June, 2018**

## **ENDORSEMENT**

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

**Chalachew Getahun (PhD)**

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Advisor

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Signature

**St. Mary's University, Addis Ababa**

**June, 2018**

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## **List of Abbreviations and Acronyms**

NIB Nib international bank

HR Human Resource

TI Turnover intention

PCA Principal Component Analysis

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## ABSTRACT

*The study examines perceived reasons for employee turnover in the case of Nib International Bank. The sample consisted of 150 employees at the head quarter and selected seven branches in Addis Ababa. The study implemented Sequential Mixed research philosophy where casual research design is used .The data were collected using convenient sampling via self-administered questionnaire, and from a total of 150 survey questionnaires, 120 responses were collected and retained for analysis using SPSS version 23. The results show that job satisfaction and company commitment factors are negatively and significantly related to turnover intention. Furthermore, the study revealed that company commitment accounted for larger variance in turnover intentions than job satisfaction, and job satisfaction had more effect on turnover intentions than other variables. A finding 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. Accordingly the study recommended that NIB to work on , job satisfaction Career Development, Interpersonal relationships, Compensation and Benefits and organizational commitment since they had contributed significantly on turnover intentions implying that these variables are relevant in understanding turnover intentions of staffs of NIB.*

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

# CHAPTER ONE

## INTRODUCTION

This chapter indicates the setup basis of the current study. 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 study in terms of objectives, significance, scope and limitations along with study problem and the structure of the paper.

### 1.1 Background of the Organization

As per the manual of Nib International Bank (NIB), it is one of the private banks in Ethiopia, which was established on 26 May 1999 under License No. LBB/007/99 and commenced operation on 28 October 1999, with a paid up capital of Birr 27.6 million and authorized capital Birr 150 million. The number of shareholders and employees were 717 and 27, respectively. It joined the banking industry as the sixth private Bank licensed in the country. According to the annual report of the Bank, NIB registered a steady and remarkable growth and achievement in all aspects of its operations since its establishment. At the end of 2016/17 financial year, its total deposits stood at Birr 16.4 billion. Total assets also grew to Birr 21.0 billion and paid up capital, reserves, retained earning and undistributed profit reached Birr 2.9 billion. In terms of paid up capital the Banks is one of the strongest banks in the country. NIB has been profitable since its first year of operation. The level of net profit before tax and after tax which were only Birr 18.0 million and Birr 11.6 million 2001/2002, stood at over Birr 516 million in 2016/17 financial year.

The Bank's shareholders now reached 4,000 and its customer's base exceeds more than 520,791. This clearly demonstrates the high level esteem it enjoys from the public. Currently, the bank's employees reached about 3,000. It has 187 branches, Addis Ababa and outlying area.

In order to make more efficient its service delivery, the Bank replaced core banking system with the most up-to-date system called T-24 since August 2013, a banking software of Temenos and electronic Payment Service ATM service with other five private banks currently together by the coordination of PSS (Premium Switch Solution). Besides, it has introduced electronic payment service (ATM, POS, Mobile banking etc) together with Awash International Bank, Birhan International Bank and United Bank.

## 1.2 Background of the study

Turnover intention (TI) has defined as measurement of an employee intend to leave or quite the position voluntary or involuntary. Takase, (2010) determined in review concept of turnover intention that when employees contemplate alternative job suit for them then the employees will desire new job and propose to leave their present job. If appropriate alternative is not accessible, employees may still expect to leave current job because of psychological stress. Employees turn over puts a great deal of stress on organizations and human resource managers. 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 (Iqra *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 is 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 (Iqra *et.al*, 2014).

Turnover intention has become a debated topic for researchers in developed and developing countries. Researchers investigated empirically and theoretically the term turnover intention (TI) and numerous studies done, some studies focused on the impact of organization commitment on turnover intention (Gatling *et al.*, 2016; Yousaf *et al.*, 2015), perceived organization support and turnover intention (Allen *et al.*, 2003), job satisfaction and turnover intention (Lu *et al.*, 2016), job performance and intention to quite current (Biron and Boon 2013), work atmosphere and turnover intention (Zeytingoglu *et al.*, 2007), psychological capital (Avey *et al.*, 2009) etc...

Were checked and claimed that turnover intention has become a grim problem to domestic as well as to international firms. Kim & Kao, (2014) concluded through meta-analysis, the study of turnover intention in United States that several factors influence on turnover intention. Organization commitment and job satisfaction have very significant effect and demographics aspects have negligence and minor effect on turnover intention. Similarly, work stress has medium impact while the influence of organization support and employees' behavior are changing toward turnover intention. Organizations aiming to reduce turnover intention because it has influence on organizational productivity and reputation. In this regard, this study aims to add new motion to the study of turnover intentions through survey of a developing country context. Accordingly, the current study will focus on assessing the perceived reasons of employee turnover intention at Nib International Bank, Addis Ababa, Ethiopia; specifically focusing on selected predictor factors that may affect employee turnover intention.

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

It is evident that due to several factors organizational competitiveness has increased through time that entails to cope up with the dynamic and ever-changing environmental needs. Organizations have to develop several strategic factors to remain competent in their respective sectors. Among a number of strategic factors retaining competent employees or managing high turnover are one of the factors that should be developed to achieve higher organizational effectiveness.

There are untapped potential in the market for the financial institutions such as banks. However, competitions becomes stiff due to undifferentiated product lines i.e. competition for scarce deposit and foreign currencies. Therefore attracting the potential customers and maintaining competent employees so as to give excellent and customized service enable to gain competitive advantage.

The banking industry in Ethiopia and overall trend may suggest that banking in Ethiopia is growing. Where there is still wider scope to increase asset and profitability, as the potential of the economy is rich to expand business. However, the competition wing is highly relies on excellent service and technology due to the fact that the product every bank provides are similar. Therefore attracting more customers and retaining through operational excellence which rely on the building of Human capital and which intern necessitates retaining of this precious human assets. (CBE Corporate Score Card, 2015/16-2019/20).



It is argued that a certain amount of staff turnover is favorable to bring fresh blood to the organization when new leadership, new ideas and experience are required. Also in the case of reducing work force and functional turnover. On the other hand it is a problem let alone the investment and the cost made but also the damage is greater when people subsequently choose to work for the competitors. Consequently, when these valuable employees leave organizational disruption will result and attainment of goal and objectives negatively affected.

Specifically, the ultimate goals of Banks are to make high profit, to deliver quality services and satisfy the stakeholder's interests. These goals can be realized only with employees' efforts, commitment and ultimate contributions. This is because employees are the main reason for the achievement of organization's goals and strategy. However, when these employees are thinking of quitting or leaving the job and the organization, the aims and objectives of the organization might not be achieved. This is because turnover intention is a negative job attitude that could results to employees' turnover (i.e., loss of employee).

**Table 1.3.1 NIB Bank's Trends of Turnover**

S/n	Financial year	Number of staff's turnover	Average no. of Employee	Turnover rate
1	2013/14	263	2,315	11.3%
2	2014/15	270	2,487	10.8%
3	2015/16	282	2,842	9.9%
		<b>Average Turnover</b>		<b>10.6%</b>

*Source: Nib Bank HR Administration Annual Report 2015/16*

As per the bank's HRD department senior officials and strategic plan reports, Nib bank is facing a frequent and serious turnover which is above 10%, i.e. about three fold of the target set an average employee turnover of 3% in the 2<sup>nd</sup> strategic plan of the Bank. The turnover becomes serious in the sense that it is observed in the most important human resources of the bank. To mention: a number of directors in the area of Credit department, Information technology, Accounts and finance, Foreign banking department and some special grade branch managers, professional

employees which highly support the very survival of the bank, Customer service officers both juniors and seniors responsible for the efficient service delivery and high customer contact. Thus, employee turnover questions or affects the on-going concern of the bank i.e. its competitiveness and ultimately its profits.

As per some formal discussions and interview with branch manager and senior HR officers, there are a number causes or reasons are mentioned for the exhibited high turnover in the bank. To mention: Competent strategy and pay system are long revised, lack of good succession plan, organizational and working environmental factors are the main causes among others. Moreover, senior staffs do not provide with the necessary promotions and pay systems. Even fresh trainee graduates stay with the bank until the end of the training period to gain the necessary experience which then leaves the bank. Thus, it may lead the bank to lose his precious asset, human capital. Also costs the bank in terms of management's time advertisement, recruitment, selection and training to adapt to the environment. Most significantly, customer services are negatively affected. All the mentioned costs ultimately affect the profit which is one of the most important performance measures that direct all efforts towards it.

The study therefore assess the perceived reasons of employee turnover intention at nib international bank specifically the relations of some of the crucial factors behind intention of employee turnover intention.

#### **1.4 Research Questions**

Based on the above stated problem this study tries to address the following questions:

1. What are the factors affecting professional employee's turnover intention in Nib Bank?
2. What is the level of turnover intention in Nib Bank?
3. What are the challenges that Nib bank has faced due to turnover related Problems?
4. What methods have been practiced by the bank to tackle the problem of employee turnover?

## 1.5 Objectives of the Study

### 1.5.1 General objectives

The general objective of the study is to assess the perceived reasons of employee turnover intention at Nib International Bank.

### 1.5.2 Specific objectives

Specifically, the objectives of the study are the following:

- To identify the factors affecting professional employee's turnover intention in NIB.
- To determine the level of turnover intention in NIB
- To understand the challenges that NIB has faced due to turnover related Problems
- To identify methods have been practiced by NIB to tackle the problem of employee turnover

### 1.5.3 Research hypothesis

The study hypothesizes the following:

H1: There is a significant positive relationship between perceived alternative employment opportunity and turnover intentions amongst employees of Nib international Bank.

H2: There is a significant negative relationship between career development and turnover intentions amongst employees of Nib International Bank.

H3: There is a significant positive relationship between stress and turnover intentions amongst employees of Nib International Bank.

H4: There is a significant negative relationship between interpersonal relationships and turnover intentions amongst employees of Nib International Bank.

H5: There is a significant negative relationship between compensation and benefits and turnover intentions amongst employees of Nib International Bank.

H6: There is a significant negative relationship between job satisfaction and turnover intentions amongst employees of Nib International Bank.

H7: There is a significant negative relationship between organizational commitment and turnover intentions amongst employees of Nib International Bank.

## 1.6 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 or quick linear promotion by changing jobs on a regular basis.

**Occupational Stress:** 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, the balance between work and life is another source of stress and the role of employees in the company generates stress.

**Interpersonal relationships:** bank 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).

### **1.7 Significance of the Study**

The study is expected to benefit both employees and management. It benefits the employees in the sense that employees of NIB will be given an opportunity to state their individual perceptions of 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 of NIB will be 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 NIB.

### **1.8 Scope of the Study**

NIB is a large organization with branches of 180 spread throughout the country and with a total number of employee's capacity of over 3,681 (NBE, 2017). With the large number of employee base, the scope of the study was to Seven branches of NIB because of time constraints and lack of availability of personnel in other departments to carry out the study. Survey instrument will be used for the purposes of comparison, evaluation, and generalization and the disadvantages of survey research includes the inability to gather anything more than superficial data without much

depth; the demands on time, energy, and money; subjectivity to sampling error; and the Requirement of knowledge concerning both survey methodology and research. Many of the disadvantages can be improved through careful consideration of the design of the research; however, one major disadvantage that may still stands is that survey research may be classified as a one group design where the instrument was collected at a single point in time only seven branches of NIB bank.

### **1.9 Limitation of the study**

The study is conducted at NIB which is one of the private banks in Ethiopia where only Seven branches of the bank in Addis Ababa were considered under the study and accordingly the outcome of the study may not be able to represent NIB employees as whole since the bank's branches outside of Addis Ababa were not included in the study. Similarly survey instrument and interview were used in the study to collect data from respondents' where job satisfaction, organizational commitment, Compensation and Benefits Career Development, Occupational Stress, Interpersonal relationships, Perceived alternative employment opportunity were the main predictor variables used under the study . Accordingly a different outcome may be revealed a different study approach is used by including additional predictor variables other than used under the current study.

### **1.10 Organization of the Research Report**

The study is composed of five 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 will include 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, 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 exists in the Ethiopian Banking industry, reference will be made to studies conducted in other industries.

#### **2.1 Conceptual Literature**

To determine the conceptual frame work for this study identification and determination of the dependent and the independent variable is required. The researcher uses compensation and benefits, career development, stress, interpersonal relationship, organizational commitment, perceived alternative employment opportunity, motivation and job satisfaction as Independent variables whereas Employee turnover intention as dependent variable.

##### **2.1.1 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, perform better, 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.

### **2.1.2 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 is 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, 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).

### **2.1.3 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 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 clarifies that both the objective and subjective factors are related to retention, and that job satisfaction is important as an intermediary factor.

#### **2.1.4 Career Development**

Aside from compensation and benefits, career development is another job characteristic that makes work an inferior choice of careers (Richardson, 2008). Richardson (2008) highlighted that poor or unclear career structure plagues the image of 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, and Heck (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, Broad bridge, and Ogden (2007) even found that Generation Y young people expected a quick linear promotion in bank industry by changing jobs on a regular basis. This phenomenon is not something unexpected as banking 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 workforces 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.

### **2.1.5 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 bank 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 bank 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 jobs. The role of employees in the company generates stress although 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.

### **2.1.6 Interpersonal relationships**

Banking industry 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 are 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 Aadmott (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.

### **2.1.7 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.

## **2.2 Theoretical Literature**

### **2.2.1 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.

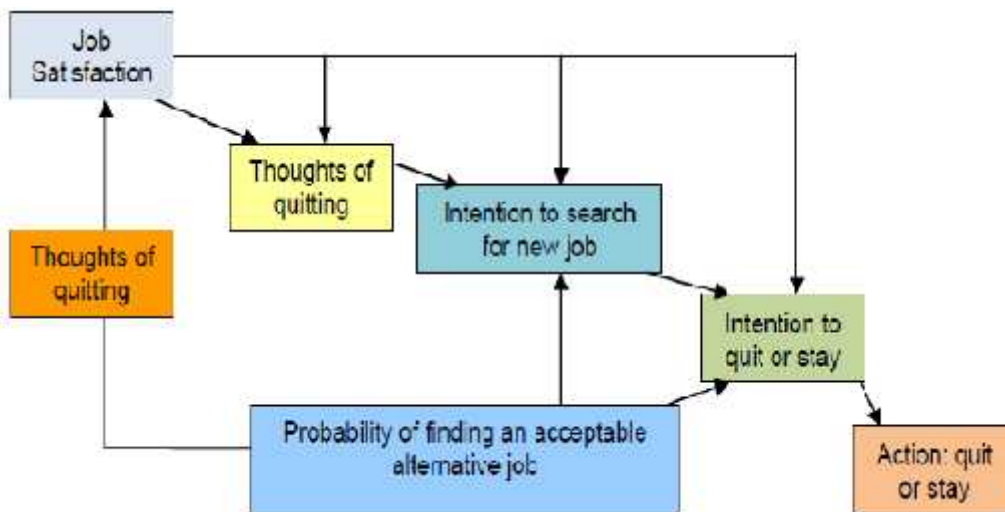
Turnover is an individual choice behavior, the final step in a psychological process referred to in the literature as the withdrawal decision process (Harris & Cameron, 2005). Mobley (1977) pioneered a comprehensive explanation for the psychological process underlying withdrawal. According to Mobley's (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.

**Figure 2.2.1 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 study, only voluntary leave of employees is considered and brought into the discussion of turnover. 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.

## **2.2.2 Components of turnover intention**

The literature review also indicates that turnover intention is a multi-stage process entailing of three components, which are psychological, cognitive and behavioral in nature (Takase, 2009: 4). Various forms of adjectives and adverbs were also used to characterize the intensity of turnover intention.

### **2.2.2.1 Psychological**

Turnover intention is seen as a psychological response to negative aspects of organization's or jobs (Chiu *et al.*, 2005 & Susskind, 2007). Psychological responses were believed to trigger employee's emotional and attitudinal withdrawal reactions. These emotions and attitudes included frustration and dissatisfaction with organizations (Houkes *et al.*, 2003; Vigoda-Gadot & Ben-Zion, 2004). Moreover, they included an affectively neutral form of organizational attachment (McDuff and Mueller, 2000) and employee's evaluation of future organizational commitment (Sturges and Guest, 2001; Robison & Pillmer, 2007). Overall, the psychological component of turnover intention was seen as the starting point of the multi-stage turnover reaction (Takase, 2009).

### **2.2.2.2 Cognitive**

According to Chang, Du & Huang (2006) the psychological component is seen as the starting point of turnover intention while the cognitive component is seen as the core of turnover intention. Many researchers characterize turnover intention as a cognitive manifestation of the decision to leave, hence the term was used interchangeably with withdrawal cognition (De Coninck & Stilwell, 2004). In other words, turnover intention is also defined as the final cognitive step leading to actual turnover (Bigliardi, Petroni & Dormio, 2005; Hang-yue, Foley & Loi, 2005; Lambert, Hogan & Barton, 2001).

The cognitive component of turnover intention has two subcomponents, namely; the "intention", and the verb "to" immediately following after the word intention. In some literature, the "intention" is interpreted as a desire (Harris *et al.*, 2005 & Susskind, 2007) or thought (Dick *et al.*, 2004; Chiu, Chien, Lin & Hsiao, 2005; Castle, Engberg, Anderson, & Men, 2007) which could activate behaviors leading to turnover. Intentions are considered hypothetical in nature (Allen, Weeks & Moffitt, 2005).



In other literature, “intention” had stronger connotations. For example, “intention” was thought of as a decision or a plan to leave the current position.

### **2.2.2.3 Behavioral**

Another component that formed the core of the process of turnover intention was withdrawal behavior. As in the intention to of the cognitive component, withdrawal behaviors were also categorized into two groups: withdrawal from the current job, and actions oriented to future opportunities (Takase, 2009: 5). The manifestations of withdrawing from jobs were behavioral and/or verbal. The behavioral manifestations included employees daydreaming during work (Chiu et al., 2005 & Susskind, 2007), being less enthusiastic at work (Cohen & Francesco, 2000), coming in late (Harris, Kacmar, & Witt, 2005) and being absent from work (Krausz, Koslowsky & Eiser, 1998). The verbal manifestation consisted of stated or expressed intentions to leave jobs (Freund, 2005). The future-oriented behaviors comprising the facets of turnover intention were the actualization of employees’ cognitive intentions (Takase, 2009: 5).

## **2.3 Empirical Literature**

### **2.3.1 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 et.al., 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. 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 (Bosshoff et al., 2002; Griffeth et al., 2000; Steel, 2002).

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), 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.

### 2.3.2 Causes of Turnover Intention

Literatures in the area of human resources, organizational behavior and service management were searched from books, databases, academic journals, trade magazines and newspaper. 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. Numerous researchers have tried to identify the various contributing factors to employee turnover in the workplace.

Traditional theories have focused on how employees make their decision to leave the workplace. Within these studies, several of the following factors have continued to surface in relation to turnover, showing that there are leading underlying factors that exist in causing the actual act of turnover.

There are a number of reasons why turnover takes place and 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).

- **Job Dissatisfaction** -Job dissatisfaction has been found to be a common occurrence with several levels of severity. A direct positive correlation was found in the employee's level of dissatisfaction and the chance that the employee would leave the organization.
- **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. Poor Employee.

- **Training and/or Orientation-** Training is a method used to increase job related employee knowledge. Employees beginning a new job need to be introduced to the job, its duties, and the expectations that will be placed upon them. This training should be only the beginning process to mold the employee into the corporate culture and ideals.
- **Lack of Advancement-** When employees perceive no growth areas/future or desire to advance within the system, they have no reason to remain in the current work situation. If growth is desired but leaving the current employer is required, it will result eventually in the employee's departure.
- **Lack of Responsibility-** It has been stated, "...responsibility is the single greatest motivator in business" (Weinstein, 1992, p.92). In some instances, individuals perceive that they are ready to make the decisions yet, management may never give them the chance. Responsibility is a major factor that can provide a lasting change of attitude.
- **Compensation and Benefits-**Most people work for a living. 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). Poor compensation was widely acknowledged as one of the downsides in the service industry.
- **Career Development-**Aside from compensation and benefits, career development is another job characteristic that makes work an inferior choice of careers (Richardson, 2008). Richardson (2008) highlighted that poor or unclear career structure plagues the image of work.
- **Interpersonal relationships-** banking 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.

- **Organizational commitment**- was defined as the strength of relationship between employee and the organization (Upchurch, Dipietro, Curtis, & Hahm, 2010). In other words, the relationship is strong when the commitment is high and it is weak when the commitment is low. The strength represents how much the employees believe and accept the goals and the value of the organization.
- **Perceived Alternative Employment Opportunity**-Perceived alternative employment opportunity, also known as perceived ease of movement, is the perception of the availability of job alternative this perception is an uncontrollable factor because it is closely associated with the external environment, such as availability of job vacancies and unemployment rate (Nissly, & Levin, 2001).

### 2.3.3 Impact of Turnover

The core product of the Service industry is the overall customers' experience and 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 service business in addition, 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 and it also found that constantly high turnover rate de-motivated the remaining

employees by imposing repetitive training obligation to them. For employers, the worst impact of turnover is lost profitability and this was indicated by 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 service 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.

## **2.4 Synthesis of the review**

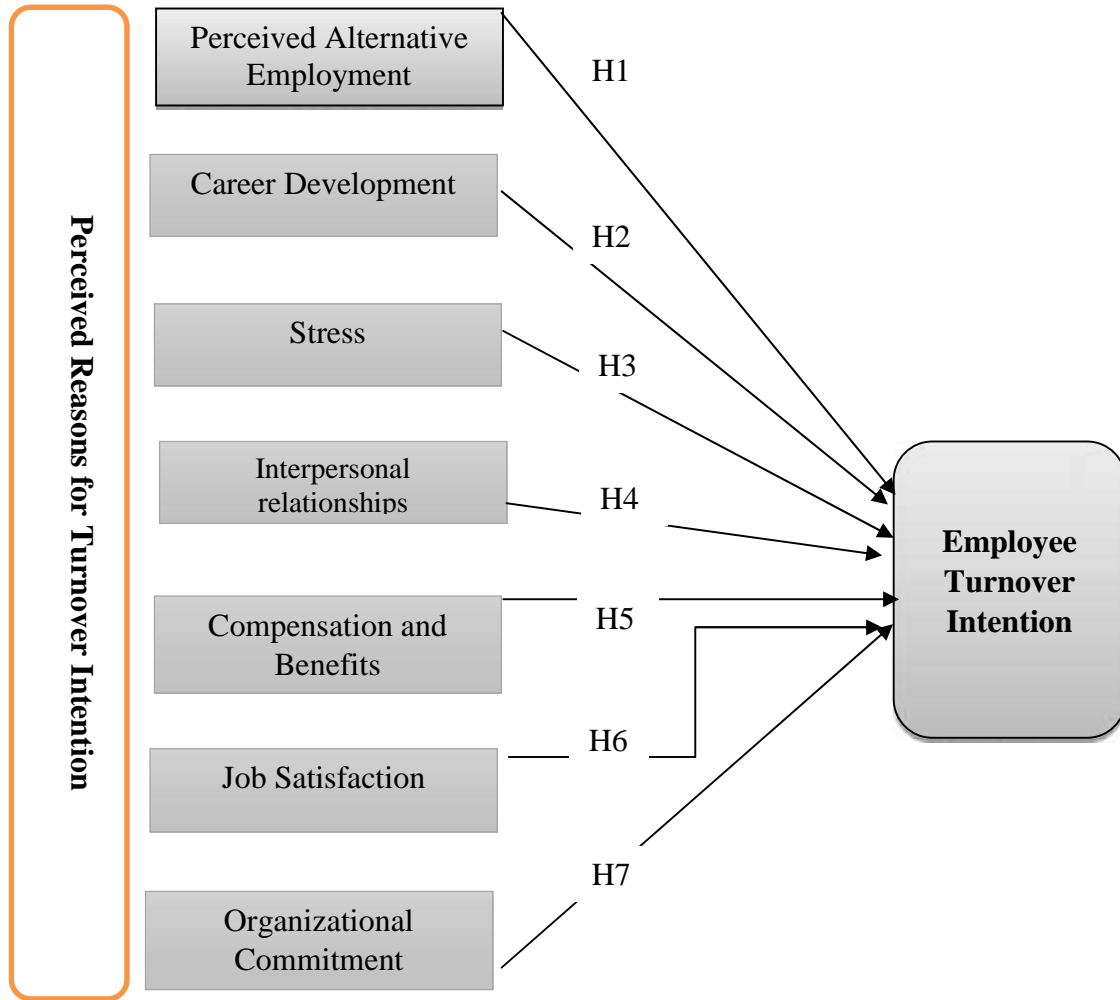
The issue of a high turnover rate is still on the top of the list of human resources managers across the globe. Surprisingly there were not many scholars or practitioners putting effort into studying this situation. In terms of revenue, the Bank has managed to generate a total income of Birr 1.95 billion. The balance showed a growth of Birr 517.6 million (36.2%) from the preceding year same period balance. This indicates that the Bank's volume of income and generation capacity is growing modestly (NBE, 2017). 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 and it may be difficult to judge if the same scenario will happen in NIB as related studies are still very limited. Accordingly it is important to undergo the study to understand if variables already mentioned above have an impact on turnover intention of and employees in Ethiopian banking industry.

## 2.5 The study framework

Figure 2.5 the study framework



Source Dress & Shaw, 2001; Jeffre, 2007 study compilation by the researcher

## **CHAPTER THREE**

### **THE RESEARCH 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 Approach**

The study follows Sequential Mixed research philosophy where more of quantitative in nature which is generally associated with positivism, especially since it will be used with predetermined and highly structured data collection techniques under this study. However, a distinction needs to be drawn between data about the attributes of people, organizations or other things and data based on opinions, sometimes referred to as ‘qualitative’ numbers. Quantitative research examines relationships between variables, which are measured numerically and analyzed using a range of statistical and graphical techniques. It often incorporates controls to ensure the validity of data, as in an experimental design. Because data are collected in a standard manner, it is important to ensure that questions are expressed clearly so they are understood in the same way by each participant. This methodology often uses probability sampling techniques to ensure generality and the researcher is seen as independent from those being researched, who are usually called respondents.

Thus, the study uses explanatory sequential mixed methods approach as a design in mixed methods that involves a two-phase project in which the researcher collects quantitative data in the first phase, analyzes the results, and then uses the results to plan (or build on to) the second, qualitative phase. The quantitative results typically inform the types of participants to be purposefully selected for the qualitative phase and the types of questions that will be asked of the participants. The overall intent of this design will be to have the qualitative data help explain in more detail the initial quantitative results.



A typical procedure might involve collecting survey data in the first phase, analyzing the data, and then following up with qualitative interviews to help explain the survey responses.

The study is quantitative 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 survey questionnaires for data collection with the intent of generalizing from a sample to a population (Fowler, 2008). Consequently, a *cross-sectional research* is applied since this enables the researcher to compare two or more groups once and represent a snapshot of one point in time.

### **3.2 Research Design**

Research design as Burns & Bush (2002) stated, 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).

Accordingly, the study uses a casual research design since causal studies helps the researcher to seek to discover the effect that a variable(s) has on another (or others) or why certain outcomes are obtained. Furthermore, the concept of causality is grounded in the logic of hypothesis testing, which, in turn, produces inductive conclusions though such conclusions are probabilistic and thus can never be demonstrated with certainty (Cooper, 2014).

### 3.3 Research Methods

#### 3.4 Population and Sampling Techniques

##### 3.4.1 Population

In determining, the sample size from total population used is about 3,000 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  $n = 150$  will be drawn from a population of size  $N = 3,000$  which will be divided into seven strata of size as indicated below.

##### 3.4.2 Sample Size

If a universe from which a sample is to be drawn does 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 departments of NIB will be 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.

Sample Table 3.4.2

S. no	Branch	Branch's population size ( 2017)	Proportion	Samples taken
1	Main branch	46	46/194	0.237113402 x150 <b>35</b>
2	Asko branch ,	14	14/194	0.072164948 x150 <b>11</b>
3	Arada Branch,	25	25/94	0.128865979 x 150 <b>20</b>
4	Ehil Berenda Branch,	31	31/94	0.159793814 x 150 <b>24</b>
5	Gotera Branch,	27	27/194	0.139175258 x 150 <b>21</b>
6	Mamokacha Branch	30	27/194	0.154639175 x 150 <b>23</b>
7	Wollo Sefer Branch	21	27/194	0.108247423 x 150 <b>16</b>
<b>Total</b>		<b>194</b>		<b>150</b>

The total population for this study is estimated to be around 3,000 and the sample size, taking the rational discussed earlier will be 150. Following With, 92% confidence interval and 0.08 the confidence interval (also called margin of error) sample determination of calculation done as follows.

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

**Where:**      n = no. of sample      N = total population (3,000)

e = error margin / margin of error with a confidence level of 90 percent (giving a margin error of 0.08),

$$n = 3,000 / (1 + 3,000 * 0.08^2)$$

$$n = 3000 / (1 + 19.2)$$

$$n = 150 \text{ samplings}$$

### 3.4.3 Sampling Technique

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 of employees at NIB headquarter and selected branches in Addis Ababa, definition of the target population, selection of sampling method, and determination of sample size is essential.

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 study, the target population will comprise of **3,000** employees and managers of the NIB at Head Office and branches in Addis Ababa. In order to assess the employee turnover intension in NIB and determine the factors that trigger the turnover intention of employee's questionnaire items were directed at employees of NIB at head quarter and selected branch offices in Addis Ababa.

The study was conducted at Nib International Bank Main branch and the following seven branches in Addis Ababa i.e Main branch, Asko branch, Arada Branch, Ehil Berenda Branch, Gotera Branch, Mamokacha Branch And Wollo Sefer Branch where they constitute a total employees of **3,000** employees plus the respective branch managers ( a total number of 4 ) including Human Resource manager at head quarter.

For the purpose of this study both probability and non-probability design were used. Probability sampling in the form of stratified sampling will be used since this method enables the researcher to segregate the populations of the study into several mutually exclusive sub populations, or strata while non-probability design in the form of convenience sampling will be used since this enables the researcher to have the freedom to choose to pick the bank branch, furthermore the researcher being employed at one of the bank branches where the study is conducted, hence this ensures an easy access to the respondents, their availability, plus for the researcher it will be less time consuming and inexpensive to gather information. Moreover, it is also the only feasible alternative sampling method as a result that the total population (bank branches) may not be available for this study. However, the selected sampling design is associated shortcoming relates to its restricted generality, particularly in terms of the higher chances of sampling errors (Sekaran, 2003) and to overcome restrictions with respect to generality, maintains that it is advisable to use larger samples.

#### **3.4.4 Data collection techniques and procedures**

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. A survey questionnaire were 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) to analyze the respondents' level of agreement or disagreement in the differences between the variables employed in the study and the factors affecting employees turnover intentions (Creswell, 2014). The qualitative data were obtained through a face-to-face interview with the 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 questionnaires were having two parts; the first parts of the questionnaire ask 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 23 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 variable 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 will be conducted (a pilot test with a sample of 3) with employees of NIB to reveal differences in opinions factor affecting employees' turnover intentions. The English version of structured questionnaire items will be directed at particularly employees of NIB 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 NIB.

The second types of questioner were used for selected NIB managers, which a structured interview was used where questions are carefully chosen or crafted, sequenced, and precisely asked of each participant.

Data used to test the research model was gathered from a sample of NIB employee and management respondents' through self-administered survey after the respondents done filling the structured questionnaire and email that will be distributed through the organizations e-mail to selected NIB employee respondents of the weekdays (Mondays-Fridays). On the other hand, a structured interview was used to for the selected managers of NIB bank to collect qualitative data.

### **3.4.5 Methods of Data Analysis**

Data analyses were carried out using the Statistical Package for Social Science (SPSS) version 23. The study focuses on the following dimensions of independent variables (Perceived Alternative Employment Opportunity, Career Development, stress, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment) to influence workers turnover intention which is dependent Variables which will be measured in a five-point likert scale.

The methods of statistical analysis include descriptive statistics (Percentage and Frequency) was used to analyze the demographic related information of respondents'. The independent and depend at variables scale items will be tested using a factor analysis (the Principal Component Analysis) was carried out to ascertain whether the scale items are correctly loaded for the

dimensions used in this study or not and to ensure internal consistency among the items included in each of the scales were estimated using a Cronbach's coefficient alpha.

Consequently, a descriptive statistic in the form of arithmetic means and standard deviations were computed for the various independent and dependent dimensions assessed in the survey and a correlation analysis was carried out using correlation coefficients to depict the relationship between the variables with the degree of association to test the hypothesis stated in the study.

#### **3.4.5.1 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 & Tezcan, 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 3.4.5.1 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.

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 proceeds 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 uni-dimensional. Therefore, the possibility that NIB employees may not perceive all these sub-dimensions will not be a problem in this study since the researchers examine uni-dimensional, convergent validity, discriminator validity, and the internal consistency of each dimension.

**Table 3.4.5.1 exploratory factor analysis**

<b>Measurement items of the constructs</b>	<b>Factor loadings</b>
<b>Turn over intention</b>	
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
<b>Perceived Alternative Employment Opportunity</b>	.931
4-I feel I will get a better paying job if I leave NIB	.920
5-I feel I would get a better work environment should I leave NIB	.889
<b>Organizational Commitment</b>	.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 NIB has increased my social status	.965
<b>Job Satisfaction</b>	.925
10-I am satisfied with my current job and want to stay in NIB	.803
11-My office layout is motivating for work	.855
12- I get training whenever there is a need & it's fairly distributed to all	.876
<b>Interpersonal relationships</b>	.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

<b>Career Development</b>	
16-I feel my work is recognized in the company so I have a plan to stay in NIB.	.922
17-I want to stay in NIB because I feel I have a future in a management position.	.911
18-when an employee excels in performances, there is reward.	.913
<b>Occupational Stress</b>	.940
19- I frequently have stress because of work overload, so I am looking for better job outside the company	.944
<b>Compensation and Benefits</b>	.885
20-NIB 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 2018*

### **3.4.5.2 Reliability**

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 inter-rater 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 variable used (Perceived Alternative Employment Opportunity, Career Development, Occupational Stress added as a new dimension to the adaptive construct dimensions: Organizational Commitment, Job Satisfaction, 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 inter-rater reliability estimates.

Based on this, reliability analysis were performed to make sure that weather questionnaires used to measure factors affecting turnover intentions of NIB employee

**Table 3.4.5.2 Reliability of the Perceived Turnover Intentions Questionnaire (Cronbach's Alpha)**

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

*Source: researcher's own compilation of Survey data 2018*

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 ( $\alpha$ ) is applied in this regard. This is a widely used method which specifies how well a set of items measure a single, uni-dimensional 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 3.4.5.2 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.

### **3.4.5.3 Ethical Consideration**

Before the research was conducted on the selected organization, the researcher were informed the participants of the study about the objectives of the study, and 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 NIB 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 AND 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 Nib international Bank are presented. Quantitative data supporting the findings are provided. Eight research hypotheses were tested and results are discussed.

#### 4.1 Respondents Response Rate

The respondents were employees of Nib International Bank S.C. in Addis Ababa Branches and Headquarter Workers. 150 questionnaires were distributed to 7 city branches. The personal information acquired from the completed and returned questionnaires is summarized and described here below. 150 questionnaires were distributed and 120 were returned. This represents 80% respondents were responses.

**Table 4.1.1 Questionnaire Distribution and Response Rates**

<b>Method</b>	<b>Distributed (%)</b>	<b>Returned (%)</b>	<b>Response Rate (%)</b>
<b>Hand Delivered</b>	100 (67%)	87 (73%)	87%
<b>Priority email</b>	50 (33%)	33 (27%)	66%
<b>Total</b>	<b>150</b>	<b>120</b>	<b>80%</b>

*Source: researcher's own compilation of Survey data 2018*

As presented in Table 4.1.1 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 bank branch 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 Characteristics of Respondents

This study took into account respondents general characteristics and information, in this study the researcher considered respondents in terms of 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 of Nib International Bank S.C. in Addis Ababa city.

**Table 4.2.1 Demographic profile of the respondents**

Respondent characteristics	Number of respondents	Percentage %
	<i>n</i> = 120	
<b>Gender</b>		
Male	62	51.83%
Female	58	48.20%
<b>Age</b>		
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%
<b>Academic qualification</b>		
High school complete	4	3.25%
Diploma	7	5.70%
BA Degree	83	69.04%
Postgraduate Degree and above	26	22.01%

<b>Years of experience</b>		
<b>Less than 1 year</b>	8	6.7%
<b>1-5 years</b>	83	69.25
<b>6-10years</b>	10	8.3%
<b>More than 10 years</b>	19	15.8%

*Source: researcher's own compilation of Survey data 2018*

Table 4.2.1 above 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 bracketing 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. 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 1-5 years of experience (69.25%) and then 6-10 years of experience were (8.3%), less than 1 years working with their current organizations were (6.7%), >10years of experience were (15.8%).

#### **4.3 Analysis of Data Collection of the study**

The analysis and interpretation of this study is based on the data collected from the employees of Nib International Bank of Ethiopia.

The data was collected through survey questionnaire out of 150 questionnaires distributed to the randomly selected employee, 120 were properly completed and returned. This represents a response rate of 80% from the distributed questionnaires. Hence, data gathered were organized analyzed in a manner that enables to questions raised at the beginning of the study.

#### 4.4 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 NIB head quarter permanent employees 120 were returned (80 % response rate) and of the 150 questionnaires, 100 were hand delivered to NIB employees and 50 were delivered via a priority e mail to the remaining Employees. As presented in Table 4.1, response rates for hand-delivered questionnaires were higher than for those sent via priority e-mail.

#### 4.5 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 4.4

**Table 4.5: Means, Standard deviation, Minimum and Maximum scores**

<b>Variable</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Median</b>	<b>Std. dev.</b>
<b>Perceived Alternative Employment Opportunity</b>	120	1	5	3.00	0.982
<b>Career Development</b>	120	1	5	2.67	0.468
<b>Interpersonal relationships</b>	120	1	5	3.67	0.630
<b>Organizational Commitment</b>	120	1	5	2.60	0.511
<b>Turnover Intentions</b>	120	1	5	2.33	1.071
<b>Job Satisfaction</b>	120	1	5	3.00	0.818
<b>Occupational Stress</b>	120	1	5	2.21	0.648
<b>Compensation and Benefits</b>	120	1	5	3.00	0.798

*Source: researcher's own compilation of Survey data 2018*

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 0 5.1 Above, the sample shows moderate levels of turnover intention (Median = 2.33, SD = 1.01) indicating 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 satisfied (median 3.00 ,SD = 0.818) with some components of job satisfaction similarly Interpersonal relationships reflect high Medians of 3.67 (SD = 0.630). The descriptive statistics of the components of job satisfaction displayed above reflect that, employees of a selected NIB company are fairly satisfied with the components of job satisfaction. Similarly with respect to interpersonal relationships reflecting that these components are not a strong contributing factor of turnover intention in NIB.

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 Median of 3.00 (SD = 0.982) while Compensation and Benefits with Median 3.00 (SD=0.798) indicating above average satisfaction of NIB employees. The descriptive statistics of job mobility reflect that NIB employees are certain about leaving the organization and this could be attributed may be due to the available job opportunities since the banking industry in Ethiopia is in high completion stage, where new private banks are existed.

## **4.6 Perceived Reasons for Turnover Intention**

### **4.6.1 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 multi-collinearity, 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 4.6.1 Inferential statistics 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 4.6.1 Correlations among the variables**

Variables	1	2	3	4	5	6	7	8
Interpersonal relationships	.89							
Compensation and Benefits	.44*	.85						
Career Development	.42*	.36*	.78					
Perceived Alternative Employment Opportunity	.63**	.68**	.50*	.94				
Organizational commitment	.54**	.53**	.41*	.73**	.88			
Jobs satisfaction	.37*	.32*	.31*	.51*	.57*	.83		
Occupational Stress	-.05	-.04	-.14*	-.16*	-.19*	-.14*		
Turn over intentions	-.32**	-.36*	-.34*	-.44*	-.52*	-.43*	.95	

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

N=120

\* Correlation is significant at the 0.05 level (2-tailed).

The antecedent of turnover intentions were all significantly correlated with one another but not so highly as to suggest that they are not distinct (all correlations are statistically significant because all p-values are less than 0.05). Each of the antecedents are, commitment ( $r=-.52^*$ ), Perceived Alternative Employment Opportunity ( $r=-.44^*$ ), Jobs satisfaction ( $r=-.43^*$ ), Compensation and Benefits ( $r=-.36^*$ ), Career Development ( $r=-.34^*$ ), 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, “correlation coefficient,” 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 scatter plot 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).

#### 4.7 Hypothesis Testing

**Table 4.7 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 NIB	-.52*	.05	Not supported
H2	There is a significant negative relationship between Career Development and turnover intentions amongst employees of NIB.	-.34*	.05	supported
H3	There is a significant positive relationship between stress and turnover intentions amongst employees of NIB	-	-	Not supported
H4	There is a significant negative relationship between Interpersonal relationships and turnover intentions amongst employees of NIB.	-.32*	.001	supported

H5	There is a significant negative relationship between Compensation and Benefits and turnover intentions amongst employees of NIB.	-.36*	.05	supported
H6	There is a significant negative relationship between job satisfaction and turnover intentions amongst employees of NIB.	-.43*	.05	supported
H7	There is a significant negative relationship between organizational commitment and turnover intentions amongst employees of NIB.	-.52*	.05	supported

#### 4.8 Discussion of the results

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 value 0 .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 NIB 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 two 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 NIBs 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 suggests that when employees committed with their organization, they love their job and not actively seek for other situations and alternative jobs. Organization commitment maintains employees in organization and eliminates 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 supports 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.

#### 4.9 HR managers interview results

Participants answered the following questions:

1. What is your view about the intensity of labor turnover? Do you think it is a serious problem ?
2. Is there exit interview made by NIB when employees resign?
3. If exit interview was made, what possible reasons were mentioned for employee resignation?
4. If exit interview was not made, what possible reasons can be mentioned for employee resignation?
5. Based on your experience, what are the major factors that force NIB employees to leave?
6. Based on your opinion, what aspects of NIB make employees want to stay?
7. What do you suggest that the institution (NIB) or your department should do in order for employees not to think about leaving/quitting their job?

In order to insure the reliability of the instrument during the interview process the researcher tries by: (a) documenting the process of data collection analysis and interpretation, (b) explaining the strategy used for the study, (c) explaining the selection of participants, and (d) articulating the roles of the researcher furthermore in order to ensure the validity the researcher recorded each interview word-for-word, transcribed each participants responses on a Microsoft word packager 2013 and hardcopy paper. Interview question number one explored the intensity of turnover intention in overall the HRM department director, HRD benefit division manager and HR administration manager at NIB indicate that that the turnover rate was used to be 10 % and its dropped down to 3.38% in the last six months of this fiscal year it is still turnover rate is a serious issue for the bank.

For interview questions number 2, 3,4 and 5 respondents indicated that during an exist interview majority of the respondents indicated that salary and benefit packages are the main reasons why they forced to leave NIB.as the director of HR said that “ *most of employees leave our bank looking for better salary and position in another competitor bank. Furthermore in some cases some employees leave in relation to bad relationship with their respective immediate supervisors.*”

For question number 6 the interviewees indicated that some employees (but not all) indicated or described that somehow the work environment at NIB is what makes them stay in the bank. For question number 7 the interviews indicated that the major factors that majorly contributing at the moment for the banks employees to leave are in relation to better job, better benefit packages and better salary therefore the bank should revise the current benefit scheme and salary scale so that it can be competitive to the industry standard so that employees can stay with the bank. The response from management is supports the response result indicated by employees where compensation and benefit found having a significant relationship with turnover intention.

The HR administration manager indicated that “ *providing training to branch staffs all over the country related to commitment and the implementation of the new bank structuring can minimize the turnover intention level at the bank in addition to the adjusting the benefit packages and salary of employees* “.The inferential statistics analysis also further indicated that the variables Perceived Alternative Employment, Career Development, compensation and benefit found to be having a significant negative relationship with turnover intention which supports the points raised by NIB mangers above.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

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 of major findings**

The findings to why professional employee leave NIB are as follows. Salary is the primary factor that can be mentioned for turnover intention in NIB. The employees are expressed their high level dissatisfaction as per the researcher findings. The employee of NIB perceived the bank's salary system is not fair and does not ensure equity. Moreover, it does not revise timely to ensure competitiveness and retain the existing customer. Job satisfaction is the other reason to turnover intention. Employees do not show high level of satisfaction with their job and the employees consider in taking another job. Overall, employee of NIB has a favorable attitude towards the organization and work environment of the bank. However, they show low level agreement about the transparency and conduciveness of the work environment. Regarding internal career growth advancement, employee of the bank show moderate level of agreement. The employees also show moderate level of agreement to the opportunity to be promoted to higher position. Towards the nature of the job employees are not satisfied with the complexity, professional requirements and routines of the banks activities which increase the level of dissatisfaction and increase the level of turnover intention.

As per the interview responses, the researcher has found out that NIB has been experiencing a high rate of turnover for which a number of reasons are identified. In connection with high turnover, the Human resource department has lost most of its time in hiring new employees. The existing employees have also lost their time in coaching and mentoring. In addition to head hunting cost, the new employees take time to learn the work and to socialize with their environment. As per the respondents of HR officials, HRM department strives to manage the observed high turnover which new front line staffs has left the Bank acquiring the necessary skills due to attractive salary and benefit offers in other banks. The Department has also faced a great problem in attracting the new staffs and replacing the already left employees. They play a great

role in retaining the employee through negotiation. However, the management does not consider human resources as strategic and competitive factors which they think as they are easily replaced from the market. The mechanisms to manage the turnover in the bank are collecting data through exit interview only to senior officials of the bank and tried to negotiate. The Bank has promoted junior customer service to customer service positions as a mechanism to retain the employee. However, Exit interview may not dependable because employees don't respond truthful in fear of getting a bad recommendation. The technique to manage turnover is not as such effective as per the HR official's responses. The bank has no well-designed and effective retention strategy to deal with the turnover problem of the bank.

## **5.2 Conclusions**

The objective of the research is to investigate 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.

Accordingly it was found that the variables Perceived Alternative Employment Opportunity, Career Development, Interpersonal relationships, Compensation and Benefits, job satisfaction and organizational commitment were found to be having a significant negative relationship with turnover intention. Furthermore among the variables Perceived Alternative Employment Opportunity job satisfaction and organizational commitment were found to be highly correlated with turnover intention.

In this study it is found that compensation and benefit, career development, stress, interpersonal relationships, compensation and benefits correlates negatively with turnover intension variable in the bank. Therefore may be the raise of salary and related benefit packages as well as improving the interpersonal relationship among employees with the bank managers can improve NIB employee's organizational commitment and job satisfaction to produce desire outcome, hence, NIB human resource department should rewards performance incentive and allowances to employees accordingly to reduce the turnover intention of NIB employees.

### **5.3 Recommendations**

The current study provides the following recommendations. Executive body of NIB 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. NIB 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, NIB top management 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 NIB top management to give priority compensation and benefit because it has also positive influence on turnover intention. NIB has provided 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 suggested that, 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 staffs of NIB.

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

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.



#### **5.4 Directions for future research**

The results of this study have shown a remarkable leading factor in assessing the contribution the selected factors (demographic variables, job satisfaction Career Development, Interpersonal relationships, Compensation and Benefits and organizational commitment) on turnover intentions. However, this study is limited in the selected private bank 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 generality, 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 NIB employees**



**St. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MASTER OF BUSINESS ADMINISTRATION PROGRAM**

This questionnaire is intended to gather primary data on “*Assessment Of Perceived Reasons Of Employee Turnover Intention At Nib International Bank*”. The purpose of the study is to fulfill a thesis requirement for the Master of Arts Degree in Business administration at St. Mary’s University. Your genuine responses for the questions are very important for the success of completing this study. All information collected through the questionnaire will be used only for the purpose of the study and will be kept confidential. And thus, I would like to thank you in advance for your kindly cooperation.

***Thank you, for your cooperation!!***

Hanna Asfaw Seid



### ***General Instructions***

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

### **Part I Demographic Information**

1. Sex:  Male  Female
2. Age:  Below 25  25-35  36 – 45  46 – 55  Above 55
3. Academic qualification:  High school complete  Diploma  BA Degree  
 Post graduate Degrees
4. Years of experience:  Less than 1 year  1 – 5 Years  6 – 10 Years  
More than 10 Years

NO.	Measurement items of the constructs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Turn over intention</b>						
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					
<b>Perceived Alternative Employment Opportunity</b>						
4-	I feel I will get a better paying job if I leave NIB					
5-	I feel I would get a better work environment should I leave NIB					
<b>Organizational Commitment</b>						
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 NIB has increased my social status					
<b>Job Satisfaction</b>						
10	I am satisfied with my current job and want to stay in NIB					
11	My office layout is motivating for work					
12	I get training whenever there is a need & it's fairly distributed to all					
<b>Interpersonal relationships</b>						
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					
<b>Career Development</b>						
16	I feel my work is recognized in the company so I have a plan to stay in NIB.					
17	I want to stay in NIB because I feel I have a future in a management position.					
18	When an employee excels in performances, there is reward.					

NO	Measurement items of the constructs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Occupational Stress</b>						
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	NIB 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 that the NIB provides					
23	NIB provides excellent fringe benefit package.					

## **Appendix-Interview Questions to NIB Managers**

1. What is your view about the intensity labor turnover? Do you think it is a serious problem?
2. Is there exit interview made by NIB when employees resign?
3. If exit interview was made, what possible reasons were mentioned for employee resignation?
4. If exit interview was not made, what possible reasons can be mentioned for employee resignation?
5. Based on your experience, what are the major factors that force NIB employees to leave?
6. Based on your opinion, what aspects of NIB make employees want to stay?
7. What do you suggest that the institution (NIB) or your department should do in order for employees not to think about leaving/quitting their job?

**Thank you for your time!!**

## Appendix-B -Scale Measurement adopted

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

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

	Cases		Valid										Total
	Included		SD		D		N		A		SA		
	N	Percent	%	N	%	N	%	N	%	N	%	N	
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 NIB	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 NIB	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 NIB 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 NIB	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 & it'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 NIB.	120	100.00%	10.83%	13	20.83%	25	40.83%	49	27.50%	33	0.00%	0	120
I want to stay in NIB 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
NIB 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

## Appendix D Descriptive statistics

Statistics									
N		Turnover intention	Opportunity	Commitment	Job Satisfaction	Interpersonal relationships	Career Development	Stress	Compensation and Benefits
		Valid	120	120	120	120	120	120	120
Missing	0	0	0	0	0	0	0	0	0
Median		2.33	3.00	2.60	3.00	3.67	2.67	2.22	3.00
Std. Deviation		1.071	.982	.511	.818	.630	.648	1.015	.798
Minimum		1	1	1	1	1	1	1	1
Maximum		5	5	5	5	5	4	5	4
Percentiles	100	4.33	5.00	4.50	4.67	4.67	4.33	5.00	4.25