



**St. Mary's University  
School of Graduate Studies**

**Factors Contributing for Employee Turnover Intention at  
St. Mary's University**

**A thesis submitted to the School of Graduate School in partial fulfillment of the  
requirements of Master of Business Administration  
(MBA)**

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**June 2016  
Addis Ababa**

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## **Acronyms**

AA : Addis Ababa

SMU : St. Mary's University

PLC : Private Limited Company

DED : Distance Education Division

IGNOU: Indra Gandhi National Open University

HRM : Human Resource Management

SPSS : Statistical Package for the Social Sciences

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## **Abstract**

*In today's competitive working environment a company's human resource is a truly sustainable competitive advantage for both public and private sector organizations. Product innovation's can be duplicated, but the synergy of a company's workforce cannot be replicated. For this reason not only attracting talented employees but also retaining them is imperative for success. This study is aimed to explore factors affecting employee turnover intention at SMU. Related literature was reviewed, theoretical framework and models of other scholars was used by modifying in our country context to know the real factors contributing to turnover intention. Both qualitative and quantitative methods are employed for the study. In order to collect primary data, survey questionnaire which includes demographic profiles and factors that contribute to employee turnover intention arranged with a five point Likert scale is used. Moreover, data about the trend of existing staff were collected from the University. A total of 262 questionnaires were distributed to employees of the University selected based on stratified sampling of which 224 questionnaires were properly filled and returned. An interview was also made with Deputy, Manager Human Resource Management. SPSS version 20 for windows is used to process the primary data which is collected through questionnaire. The findings showed that employee's turnover is mainly caused by push/controllable factors in the University, dissatisfaction with salary, lack of consideration qualification and experience for promoting employee and lack of promotion opportunity being the major variables. Moreover, majority of the responds indicated that they don't want to stay in the University if they get other opportunities. Therefore, SMU should establish different strategies to motivate and retain its employees in order to be able to achieve its objectives.*

## **Chapter One**

### **Introduction**

#### **1.1.Back ground of the Study**

The Definition of turnover varies according to different literature; employee turnover is defined as the ratio of the number of workers that had to be replaced in a given time period to the average number of works and generally viewed as the movement of staff out of an organization.

In today's job environment, where completion is intensifying particularly due to globalization, human resource development has significance. Organizations are continually trying to maintain their highly-skilled employees and to encourage them to improve their abilities. The lack of retention ability in an organization has led to the loss of skilled and experienced employees.

Turnover is a major problem worldwide especially in developing countries, particularly in Africa. Turnover is very detrimental and costly for the organization, both voluntary and involuntary. Managers and researchers consider turnover as a problem because of costs associated with it and difficulties that organizations face in the recruitment and retention of proficient employees. So, understanding the prospective antecedents of turnover is very important to diminish the problem.

Turnover can decrease customer service levels, lower company profits, and cause training and expatriation losses. Turnover of qualified employees has consequences for organizations as well as the profession as a whole. Employee turnover can have a negative impact on the capacity to meet goals and provide quality service. (Megerss, 2011, pp 224)

Turnover affects productivity, product and service quality, and profitability. The cost of replacing workers in the Company, Ethiopia is high, finding skilled employees can be difficult, and investments in training are less secure. When there is labour turnover, the firm loses the productive resources. The expenditure incurred on recruitment and training will become

unproductive. Similarly, taking new employees and training them becomes expensive. Turnover is a voluntary cessation of membership of an organization by an employee of that organization (Morrell et al., 2001).

Turnover can be voluntary and involuntary. Involuntary turnover occur for reasons which are independent of the affected employee like need to cut costs, restructure or downsize. Voluntary turnover is avoidable and preventable and is defined differently for each organization (Gerhart, 1990).

Turnover rate could be reduced, if factors affecting employee's turnover intention are investigated. These factors, if identified, might lead to recommendations that could enable institutions to retain more employees and save costs on recruitment, selection, in service education and placement of employees (Asmamaw Aregta, 2011).

Reducing turnover from high to medium levels was associated with increased quality. High turnover is associated with poor quality (Alexander et al., 1994). It is crucial for team managers to develop a team environment in the workplace to increase loyalty, ultimately reducing employee turnover (Gustafson, 2002).

In order to reduce turnover, managers should monitor both the extrinsic and intrinsic sources of job satisfaction available to employees. These activities could assist in maintaining and increasing job satisfaction and commitment to the organization (Mellor et al., 2007). A study on the relationships between organizational commitment and turnover intention concluded that career commitment moderated the effect of affective commitment on turnover intention (Chang, 1999). A study conducted on voluntary and involuntary turnover estimated that females are less likely to quit. Individuals occupying financially better rewarded grades are more likely to quit (Sutherland, 2000).

A study on voluntary turnover observed that dissatisfaction with their jobs was one of the reasons people leave their jobs and discussed pre-emptive actions managers can take to combat voluntary turnover (Lee and Maurer, 1997). Organizations need to focus on how to foster organizational commitment, to enhance job satisfaction, reduce job stress and provide support to

facilitate employee retention (Maertz and Campion,1998). Pay and pay-related variables have a modest effect on turnover and there is relationship between pay, a person's performance and turnover. When high performers are insufficiently rewarded, they quit (Griffeth et al., 2000). Voluntary turnover incurs significant cost, both in terms of direct costs (replacement, recruitment and selection, temporary staff, management time), and also in terms of indirect costs (morale, pressure on remaining staff, costs of learning, product/service quality)and the loss of social capital (Dess and Shaw, 2001).

## **1.2. Background of the Organization**

St. Mary's University (SMU) is an outgrowth of St. Mary's Language School which was established in 1991 in Addis Ababa. The Language school was upgraded to a language center in 1995 and has solely been devoted to the improvement of the English language proficiency of students, establishing itself as a leading language center in the capital.

St. Mary's University was established in 1998 under St. Mary's General Educational Development PLC with its head office in Awassa and a branch in Addis Ababa. But later the University moved its head office to Addis Ababa, in 1999. In March of the year 2000, the Distance Education Division (DED) was launched.

By 2005, SMU, in collaboration with IGNOU – a leading distance education institution in India, started offering Masters Programs.

Currently, the University has 3 major divisions in the tertiary level education program. These are

1. Regular Education program – Undergraduate regular & extension
2. Open and Distance education – Undergraduate and postgraduate level
3. School of Graduate Studies – IGNOU & Regular Graduate program

SMU is a giant academic private institution that has a total number of 865 employees. The HRM department is established to guide and manage the overall provision of human resource services and programs for the entire institution. The Office is mainly involved in organizing and leading human resource practices and objectives that will provide an employee-oriented, high performance culture that emphasizes empowerment, quality, productivity and standards, goal

attainment, and the recruitment and ongoing development of superior and service-oriented workforce.

The Office further coordinates implementation of services, policies, and programs through human resource staff and is expected to meet the following objectives:

1. Ensure safety of the workforce;
2. Facilitate the development of superior workforce;
3. Ensure the development of employee-oriented organizational culture that emphasizes quality, continuous improvement and high performance; and
4. Review and develop the organizational set up of the department.

**Table 1.1. The University’s Human Resource Profile**

Type of Placement	Gender			Type of Employment								
	M	F	Total	Permanent			Contract			Part time		
				M	F	Total	M	F	Total	M	F	Total
Academic Staff	297	137	<u>434</u>	227	133	360	47	1	48	24	2	26
Administrative Staff	173	258	<u>431</u>	156	240	396	17	18	35			
Grand Total	470	395	<u>865</u>	383	373	756	64	19	83	24	2	26

(Source: Human Resource Statistical Data 2007)

### 1.3.Statement of the Problem

Qualified and experienced employees are human capitals who ensure competitive advantage and success for any organizations. Hence, most organizations strive to attract and retain qualified employees in order to achieve their organizational objectives. To attain sustainable employee retention organizations are expected to pursue effective human resource practices that minimize employee rate of turnover. The extent of attention given to employee retention issues differ from organization to organization as labor markets become successively tighter and looser depending on economic conditions, working environment adjustments and relations between managers and employees. If there is high demand rate of employment, it will lead to the issue of how organizations can ensure that they have the best chance of retaining the people they employ and developing organizational policy aimed at improving retention. According to Torrington, Laura

Hall and Stephen Taylor (2008), staff turnover always rises when the economy is strong and jobs are plentiful because there are more opportunities available for people to change employers. Conversely, during recessions staff turnover falls because relatively few attractive permanent positions are advertised.

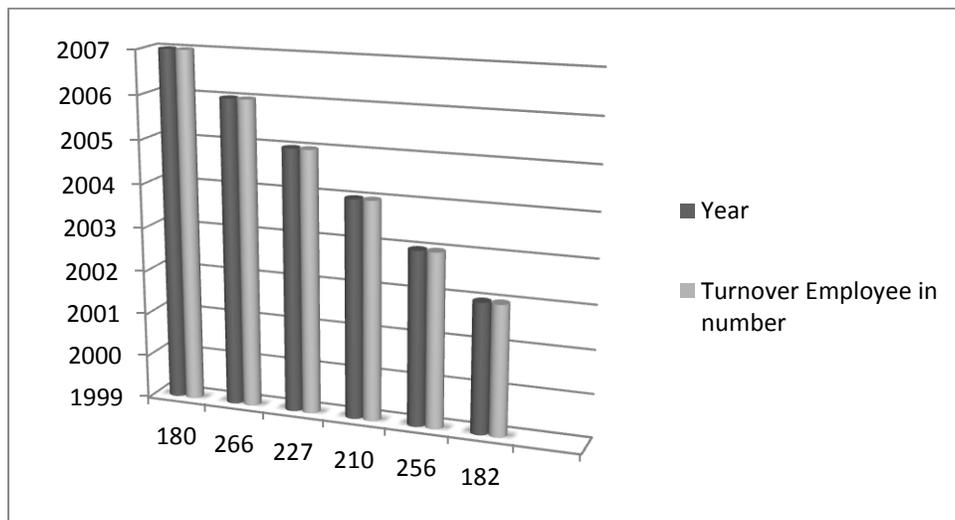
In Ethiopia few organizations are good in their retention policy and unaffected by high employee turnover. But, employee turnover is remaining to be a problem in many organizations.

Losing competent staff will certainly have an adverse effect on the institution's service delivery. Retaining competent employees with proven and consistent employment track record is indispensable for the achievement of the institution's goals and objectives.

It is believed that St. Mary's University can realize its goals and objectives through the efforts and the proper maintenance of highly skilled, qualified and experienced employees. However, the University is also committed to consistently deliver quality service with problem of high rate of employee turnover.

According to the student researcher preliminary investigation and review of the company employee turnover records, the following figure depicts the magnitude and the pattern of the turnover rate of the company for seven years.

Figure 1.1. Shows the rates of turnover in SMU in the years are respectively:



(Source: HRM Statistical Data 2007)

The data obviously tells there is high rate of turnover in the University. Therefore, this research tried to identify why there is high employee turnover and analyzed those factors that can cause employee turnover intention in St. Mary's University.

### **1.3.1. Basic Research Questions**

Various studies were carried out to understand the major causes of employees turnover and retentions mechanisms that organizations should develop. Most of these studies were carried out by developed countries and few developing countries. Some studies indicate that every aspect of organizations is employees because turnover of employee leads to incurring of costs (Asemamw Aregeta 2011).

High turnover has become a problem for both private and governmental organizations. Well experienced and qualified professionals leave positions that they held in organization.

St. Mary's University is one victims of this high professional employee turnover. Currently, the University is facing frequent turnover of staff, and as such the high turnover is costing in terms of productivity (performance), money and time. This study primarily focuses on answering the following basic/research questions.

- a. What causes employees to think of leaving/terminating their employment?
- b. How can the University lessen employee turnover/improve employee retention rates?
- c. What is the attitude of employees with regard to employees' turnover and retention?

### **1.4. Objective of the Study**

#### **1.4.1. General Objective**

The overall objective of the study is to investigate the actual factor contributing to the employee turnover intention at St. Mary's University.

#### **1.4.2. Specific objectives:**

The specific objectives of the study are:

- ◆ identify factors that affect employee turnover intention in St. Mary's University

- ◆ to measure the significance level each variable has on turnover intention and prioritizing these factors in their significance level.
- ◆ to examine what is the level of employees' interest to stay in the University
- ◆ to recognize the feelings of existing management and staff about employee turnover.
- ◆ to provide possible solution to get rid of the problem.

### **1.5. Scope of the Study**

SMU is a large organization that operates in all parts of Ethiopia through Distance and Regular mode of delivery at all level of education. The researcher was limited to investigate factors determining employee turnover intentions in St. Mary's University, specifically, the regular and distance divisions in Addis Ababa. Not forgetting to mention that the obvious reasons for that was the limitation of resources like availability of data location and most importantly time.

There is no doubt that considering the whole population in the study would have provided more accurate picture on the problem, but since the study is undertaken with in academic calendar and the researcher only took a sample of 262 respondents out of total population of 756.

### **1.6. Significance of the Study**

Governmental and public sector organizations success can be measured mainly through delivery of quality service to their beneficiaries. This can be achieved through well formulated plans and programs, allocation of resources, assignment and retention of committed and competent staffs.

It creates an opportunity for the organization to focus all critical factor within its control in order to minimize employee turnover or create all environment which conducive to employees to retain them.

The research will add at least minimum contribution to the existing literature on employee turnover intention and will invite other researchers to further conduct research regarding the topic in Ethiopian organization context. Therefore, the researcher highly anticipated that the results of this study have the following significance.

- ◆ It will help to manage employees' turnover and lunch resource better.

- ◆ It will help the University to develop remedial actions to reduce the outflow of employees and minimize any average effect that may be faced.
- ◆ It will serve as base for interested researchers on the issue in conducting future and detail study in the area.
- ◆ It provides information for the University how effective retention of employees contributes for organizational performance and help to design feasible strategic plan.

### **1.7. Definition of Terms**

**Employee Turnover Intention:** is a mental decision prevailing between an individual's approach with reference to a job to continue or leave the job (Jacobs and Roodt, 2007).

**Employee Turnover:** is the rotation of works around the labor market; between firms, jobs and occupations; and between the state of employment and unemployment (Abassi, 2000).

**Employee Retention:** An effort by a business to maintain a working environment which supports current staff in remaining with the company (Business Dictionary, 2013).

**Human Resource Management:** refers to the policies and practices one needs to carry out the people or human resource aspects of management position including recruiting, screening, training, rewarding and appraising (Gary Dessler, 2004).

## **Chapter Two**

### **Review of Related Literature**

#### **2.1. Definition of Employee Turnover**

Employee turnover occurs when employees leave their jobs and must be replaced. The world web dictionary defines employee turnover “as the ratio of the number of workers that had to be replaced in a given time period to the average number of workers” ([www.wordnetprinceton.edu](http://www.wordnetprinceton.edu)).

The Chartered Institute of Personnel and Development (2007:1) defines employee turnover as the “ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees”. In their own definition, Abassi and Hollman (2000: 305) define turnover as the “rotation of employees around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment”.

Turnover, according to Iverson and Pullman (2000: 980) can be classified as voluntary (to include withdrawals out of volition) or involuntary (to include layoffs and dismissals). Voluntary turnover often results in departing employees migrating, in most cases, to competing firms, creating a more critical situation since their transferred knowledge can be used to gain.

#### **2.2. Definition of Employee Retention**

Retention is a voluntary move by an organization to create an environment which engages employees for long term. According to Chaminade (2007: 1), this attachment relationship should be durable and constant and link the employee to the organization by common values and by the way in which the organization responds to the needs of the employees. The main purpose of retention is to prevent the loss of competent employees from the organization, which could have an adverse effect on productivity and service delivery. Also, retention allows senior and line managers to attract and effectively retain critical skills and high performing employees. This is achieved by providing these managers with information on retention and retention strategies that will ensure that the goals and objectives of the organization are realized.

Creating a retention strategy means placing the employees' needs and expectations at the centre of the organization's long-term agenda in order to ensure the professional satisfaction of the employee and create a trusted relationship. In this stable relationship, the employee remains in the organization by personal choice based on free will and considered decision. Retention of employees is crucial to the overall success of any organization.

Talented and high performing employees should be encouraged to remain in the organization by designing retention policies that will provide individual employees with opportunities to demonstrate their skills and ensure that they are matched with the right jobs. Such retention policies should, in the view of Nyoka (2006: 2) also include strategies that will enable employees to balance their work life demand with their family life by establishing family friendly policies and enabling flexible work arrangements to accommodate essential personal commitments. With such effective retention policies in place, managers are able to keep the employee turnover at a manageable rate.

It is imperative for organizations through the employment process, to attract quality employees to the organization. However, it is more important for managers to devise strategies with which to retain these talented employees in the service of their organizations in order for employers to benefit from the investment already made in them. Employee retention is one of the most critical issues facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover. Phillips and Connell (2002: 1) state that employee retention involves being sensitive to employees' needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005: 8) include career growth and development, competitive compensation benefits, opportunities for training and supportive management. Apart from the strategies mentioned above, employers should use a flexible approach to encourage retention and this approach should consider a number of value-adding components. Such components, Brown (2006: 2) contends include mentoring/coaching, opportunities for skill and career development, as well as flexibility around the frequency and size of performance rewards and incentives. The whole process of retention is to ensure that employees are retained in the organization, especially employees with valued or needed skills or

experience in a scarce/critical field (where recruitment is difficult) competitive advantage. Turnover is a costly expense and a huge concern to employers and must be avoided. High turnover represents a considerable burden on human resource and line managers, who constantly have to recruit and train new employees.

### **2.3. Relationship between Recruitment Sources, Retention and Turnover**

Employee retention stems from the employment process. Three employment processes (recruitment, selection & placement) predetermines the effectiveness of retention strategy. For employee retention to be successful, it has to be linked positively to the processes and practices of recruitment and the sources from which job candidates are recruited. Recruitment practice and empirical research suggests that employees may differ in their propensity to quit depending on the source from which they are recruited. Two rather different approaches to recruitment identified by Wanous (1975) as cited in Raub and Streit (2006: 279) are the “traditional” approach which suggests that the ultimate goal of recruitment is to attract a maximum number of applicants to the recruiting organization. In the traditional approach, providing incomplete or even biased information about the job and/or the organization may be an acceptable means for reaching this goal. The other approach is the “realistic” approach which suggests that a “realistic job preview” whereby recruiters provide balanced and honest information about both the negative and positive aspects of the job and the organization is undertaken.

The traditional approach was criticised by researchers such as Wanous (1975,1978) cited in Raub and Streit (2006: 279) who hypothesised that its benefits in terms of attracting a large number of candidates may be more than outweighed by its negative consequences for the selection and retention of those candidates. Following Wanous’s criticism, many HRM scholars like Raub and Streit (2006: 279) posit that an unrealistic presentation of job-related information may lead to a “rude awakening” when newly hired employees discover the reality of the job.

The larger the gap between what has been promised during recruitment and what the employees experience during their first weeks and months on the job, the higher the propensity to quit. The resultant effect is that the new appointees will be frustrated, dissatisfied, and unproductive and in the end they may quit rapidly.

Similarly, Lee (2006: 1) proposes two mediators to recruitment theory as they affect turnover. These are the “realism” with which the candidate comes into the job and the jobfit, i.e. the extent to which the employee feels that the job accords with his/ her personality, ability and so on. Lee (2006: 1) contends that if various recruitment sources can be found to have different realism and job-fit, and these in turn affect turnover, then retention strategies can be crafted around these recruitment techniques.

A large number of empirical studies have confirmed that realistic recruitment does indeed lead to a reduction in turnover. Dean and Wanous (1984), Phillips and Meglino (1987) cited in Raub and Streit (2006: 280) explain that realistic recruitment does not mean that recruiters should communicate positive information only. Indeed, a combination of both “reduction” (i.e. negative) and “enhancement” (i.e. positive) previews seems to work best. The message source seems to play an important role in employee turnover. According to Colarelli (1984) cited in Raub and Streit (2006: 281), information received from job incumbents is perceived as more credible than information from other sources.

It is crucial to attribute great importance to providing realistic information about the job and the organization; and to this extent, HR practitioners or recruitment agencies must be familiar with the working conditions in the organizations they are recruiting for. Raub and Streit (2006: 283) stress that recruiters must be honest about the job-related information they give to job candidates at interview level. For example, when recruiting candidates for a manufacturing organization, recruiters must be willing to disclose details about certain hazards that are associated with the manufacturing process such as industrial accidents, polluted working environment, and the general work context. The general work context may be characterized by long working hours, restrictive overtime regulations, and several limitations to the number of days off. This information may assist job applicants to decide if these working conditions fit into their career aspiration and help their decision making process on whether to accept or reject the job offer.

## **2.4. Reasons for Employee Turn over**

The main reasons for people to leave their organization voluntarily is, each requiring a different kind of response from the organization (Torrington, Laura Hall and Stephen Taylor, 2008). Some of the reasons are indicated as follow:

### **2.4.1. Outside Factors**

Outside factors related to situations in which someone leaves for reasons that are largely unrelated to their work. The most common instances involve people moving away when a spouse or partner is relocated. Others include the wish to fulfill a long-term ambition to travel, pressures associated with juggling the needs of work and family and illness. To an extent such turnover is unavoidable, although it is possible to reduce it somewhat through the provision of career breaks, forms of flexible working and/or childcare facilities.

### **2.5.2. Functional Turnover**

The functional turnover category includes all resignations which are welcomed by both employer and employee alike. The major examples are those which stem from an individual's poor work performance or failure to fit in comfortably with an organizational or departmental culture. While such resignations are less damaging than others, from an organization's point of view they should still be regarded as lost opportunities and as an unnecessary cost. The main solution to the reduction of functional turnover lies in improving recruitment and selection procedures so that fewer people in the category are appointed in the first place. However, some poorly engineered change management schemes are also sometimes to blame, especially where they result in new work pressures or workplace ethics.

### **2.5.3. Push factors**

With push factors the problem is dissatisfaction with work or the organization, leading to unwanted turnover. A wide range of issues can be cited to explain such resignations. Insufficient development opportunities, boredom, ineffective supervision, poor levels of employee involvement and straight forward personality clashes are the most common precipitating factors. The main reason that so many people fails to do so is the absence of mechanisms for picking up signs of dissatisfaction. If there is no opportunity to voice concerns, employees who are unhappy will inevitably start looking elsewhere.

#### **2.5.4. Pull factors**

The opposite side of the coin is the attraction of rival employers. Salary levels are often a factor here, employees leaving in order to improve their living standards. In addition there are broader notions of career development, the wish to move into new areas of work for which there are better opportunities elsewhere, the chance to work with particular people, and more practical questions such as commuting time. For the employer losing people as a result of such factors there are two main lines of attack. First, there is a need to be aware of what other employers are offering and to ensure that as far as possible this is matched – or at least that a broadly comparable package of pay and opportunities is offered. The second requirement involves trying to ensure that employees appreciate what they are currently being given. The emphasis here is on effective communication of any ‘unique selling points’ and of the extent to which opportunities comparable to those offered elsewhere are given.

#### **2.5.5. The Most Common Reasons**

There are other common factors that contribute to staff turnover. These are illustrated by T.Derek,H.Laura and T.Stephen as follow:

The most common reasons are a combination of pull and push factors at work, but push factors were more prevalent than pull factors as causes of voluntary resignations. Very few people appear to leave jobs in which they are happy in search of something even better. Instead the picture is overwhelmingly one in which dissatisfied employees seek alternatives because they no longer enjoy working for their current employer. In addition to this, people leaving their jobs for financial reasons. Other factors played a much bigger role are dissatisfaction with the conditions of work, especially hours; a perception that they were not being given sufficient career development opportunities; and a bad relationship with their immediate supervisor (2008).

Regarding this, Branham (2005) as quoted by T.Derek,H.Laura and T.Stephen , stated the reasons for employees to leave their jobs are: the job or workplace not living up to expectations; a mismatch between the person and the job; too little coaching and feedback; too few growth and advancement opportunities; feeling devalued and unrecognized; stress from overwork and work-life imbalance; loss of trust and confidence in senior leaders(2008,124).

## **2.6. Staff Retention Strategies**

The HRM departments should strive to retain staff by providing them with a better deal, in the broadest sense, than they perceive they could get by working for alternative employers. T. Derek, H. Laura and T. Stephen (2008) identified six HR practices that reduce employee turnover in any organizations.

### **2.7.3. Managing Expectations**

For some years research evidence has strongly suggested that employers benefit from ensuring that potential employees gain a 'realistic job preview' before they take up a job offer. This is important to make sure that new staff enters an organization with their eyes wide open and do not find that the job fails to meet their expectations. Realistic job description is most important when candidates, for whatever reason, cannot know a great deal about the job for which they are applying.

The impact of unmet expectations as an explanation for staff turnover is also stressed by Surges and Guest (1999, pp. 16 and 31) in their work on the retention of newly recruited graduates. Here the problem is one of employers overselling graduate careers when competing with others to secure the services of the brightest young people. As a result, graduates start work confident in the belief that their days will be filled with interesting work, that they will be treated fairly and objectively in terms of performance assessment, that their career development will be fostered, and their working lives will be successful. That is fine if it really can be guaranteed. Unfortunately such is not the case, and unsurprisingly it leads to early dissatisfaction and higher turnover rates than are desirable. (Jenner and Taylor 2000, p. 155) A solution, aside from the introduction of more honest recruitment literature, is to provide periods of work experience for students before they graduate.

### **2.7.4. Induction**

In the process with the reduction of turnover early in the employment relationship is the presence of effective and timely induction. It is very easy to overlook in the rush to get people into key posts quickly and it is often carried out badly, but it is essential if avoidable early turnover is to be kept to a minimum.

Induction has a number of distinct purposes, all of which are concerned with preparing new employees to work as effectively as possible and as soon as is possible in their new jobs. First, it

plays an important part in helping new starters to adjust emotionally to the new workplace. It gives an opportunity to ensure that they understand where things are, who to ask when unsure about what to do and how their role fits into the organization generally. Second, induction provides a forum in which basic information about the organization can be transmitted. This may include material about the organization's purpose, its mission statement and the key issues it faces. More generally a corporate induction provides a suitable occasion to talk about health and safety regulations, fire evacuation procedures and organizational policies concerning matters like the use of telephones for private purposes. Third, induction processes can be used to convey to new starters important cultural messages about what the organization expects and what employees can expect in return. It thus potentially forms an important stage in the establishment of the psychological contract, leaving new employees clear about what they need to do to advance their own prospects in the organization. All these matters will be picked up by new starters anyway in their first months of employment, but incorporating them into a formal induction program ensures that they are brought up to speed a good deal more quickly, and that they are less likely to leave at an early date. What is important is that individuals are properly introduced both to the organization and to their particular role within it. These introductions are usually best handled by different people. Organizational induction, because it is given to all new starters, is normally handled centrally by the HR department and takes place in a single place over one or two days. Job-based induction takes longer, will be overseen by the individual's own line manager and will usually involve shadowing colleagues. The former largely takes the form of a presentation, while the latter involves the use of a wider variety of training methods. IRS (2000c, pp. 10–12) draws attention to the recent development of web-based training packages which allow new employees to learn about their organizations and their jobs at their own pace, when they get the opportunity.

#### **2.7.5. Family-friendly HR Practices**

Labor Force Survey statistics show that employees leave their jobs for 'family or personal reasons. Regarding this issue, Hom and Griffeth (1995, p. 252) in Torrington, Laura Hall and Stephen Taylor (2008), indicated that 33 % of women quit jobs to devote more time to their families. This statistics suggest that one of the more significant reasons for voluntary resignations from jobs is the inability to balance the demands of a job with those of the family.

Government proclamations also give emphasis to the issue. For instance, labor proclamation no.377/2003 (article 8.1-8.2) of Ethiopia states: a worker shall be entitled to leave with pay for three working days when he concludes marriage or his spouse or descendants or ascendants or another relative, whether by affinity or consanguinity up to the second degree dies; worker shall be entitled to leave without pay for up to 5 consecutive days in the case of exceptional and serious events. It also states : an employer shall grant leave to a pregnant woman worker without deducting her wages, for medical examination connected with her pregnancy, provided, however, that she is obliged to present a medical certificate of her examination; a pregnant woman worker shall, upon the recommendation of a medical doctor, be entitled to a leave with pay; a woman worker shall be granted a period of 30 consecutive days of leave with pay preceding the presumed date of her confinement and a period of 60 consecutive days of leave after her confinement and where a pregnant woman worker does not deliver within the 30 days of her prenatal leave she is entitled to an additional leave until her confinement in accordance with sub-article 2 of this Article. If delivery takes place before the 30 days period has elapsed, the post-natal leave under sub-article 3 of this Article shall commence.

#### **2.7.6. Training and Development**

There are two widely expressed, but wholly opposed, perspectives on the link between training interventions and employee turnover. On the one hand is the argument that training opportunities enhance commitment to an employer on the part of individual employees, making them less likely to leave voluntarily than they would if no training were offered. The alternative view holds that training makes people more employable and hence more likely to leave in order to develop their careers elsewhere. The view is thus put that money spent on training is money wasted because it ultimately benefits other employers. Green *et al.* (2000, pp. 267–72) report research on perceptions of 1,539 employees on different kinds of training. They found that the overall effect is neutral, 19 per cent of employees saying that training was ‘more likely to make them actively look for another job’ and 18 per cent saying it was less likely to do so. However, they also found the type of training and the source of sponsorship to be a significant variable. Training which is paid for by the employer is a good deal less likely to raise job mobility than that paid for by the employee or the government. Firm-specific training is also shown in the study to be associated with lower turnover than training which leads to the acquisition of transferable skills. The point is made, however, that whatever the form of training, an employer can develop a workforce

which is both 'capable and committed' by combining training interventions with other forms of retention initiative.

The most expensive types of training intervention involve long-term courses of study such as an MBA, CIPD or accountancy qualification. In financing such courses, employers are sending a very clear signal to the employees concerned that their contribution is valued and that they can look forward to substantial career advancement if they opt to stay. The fact that leaving will also mean an end to the funding for the course provides a more direct incentive to remain with the sponsoring employer.

### **2.7.7. Improving the Quality of Line Management**

Voluntary resignations are explained by dissatisfaction on the part of employees with their supervisors, it follows that the most effective means of reducing staff turnover in organizations is to improve the performance of line managers. Too often, it appears, people are promoted into supervisory positions without adequate experience or training. Organizations seem to assume that their managers are capable supervisors, without recognizing that the role is difficult and does not usually come naturally to people. Hence it is common to find managers who are 'quick to critic but slow to praise', who are too tied up in their own work to show an interest in their subordinates and who prefer to impose their own solutions without first taking account of their staff's views. The solution is to take action on various fronts to improve the effectiveness of supervisors:

- select people for line management roles following an assessment of their supervisory capabilities;
- ensure that all newly appointed line managers are trained in the art of effective supervision;
- regularly appraise line managers on their supervisory skills.

### **2.7.8. Pay**

There is some debate in the retention literature about the extent to which raising pay levels reduces staff turnover. On the one hand there is evidence to show that, on average, employers who offer the most attractive reward packages have lower attrition rates than those who pay poorly (Gomez-Mejia and Balkin 1992, pp. 292–4) in Torrington, Laura Hall and Stephen Taylor (2008). On the other hand, there is questionnaire-based evidence which suggests that pay

is a good deal less important than other factors in a decision to quit one's job (Bevan *et al.* 1997, p. 25; Hiltrop 1999, p. 424). The consensus among researchers specializing in retention issues is that pay has a role to play as a satisfier, but that it will not usually have an effect when other factors are pushing an individual towards quitting. Raising pay levels may thus result in greater job satisfaction where people are already happy with their work, but it will not deter unhappy employees from leaving. Sturges and Guest (1999), in their study of leaving decisions in the field of graduate employment, summed up their findings as follows:

As far as they are concerned, while challenging work will compensate for pay, pay will never compensate for having to do boring, un-stimulating work. (Sturges and Guest 1999, p. 19) Recent research findings thus appear to confirm the views expressed by Herzberg (1966) that pay is a 'hygiene factor' rather than a motivator. This means that it can be a cause of dissatisfaction at work, but not of positive job satisfaction. People may be motivated to leave an employer who is perceived as paying badly, but once they are satisfied with their pay additional increases have little effect.

The other problem with the use of pay increases to retain staff is that it is an approach that is very easily matched by competitors. This is particularly true of 'golden handcuff' arrangements which seek to tie senior staff to an organization for a number of years by paying substantial bonuses at a defined future date. As Cappelli (2000, p. 106) argues, in a buoyant job market, recruiters simply 'unlock the handcuffs' by offering equivalent signing-on bonuses to people they wish to employ. It is important that employees do not perceive their employers to be treating them inequitably. Provided pay levels are not considerably lower than those paid by an organization's labor market competitors, other factors will usually be more important contributors towards high turnover levels. Where the salaries that are paid are already broadly competitive, little purpose is served by increasing them further.

The organization may well make itself more attractive in recruitment terms, but the effect on staff retention will be limited. Moreover, of course, wage costs will increase. There is potentially more to be gained from enhancing benefits packages, because these are less easily imitated or matched by competitors. Where particular benefits, such as staff discounts, holiday entitlements or private healthcare schemes, are appreciated by staff, they are more likely to have

a positive effect on staff turnover than simply paying higher base wages. Potentially the same is true of pension schemes, which are associated with relatively high levels of staff retention. However, the research evidence suggests that except for older employees who have completed many years of service, most pension schemes are not sufficiently valued by staff to cause them to stay in a job with which they are dissatisfied (Taylor 2000). Arguably, the best way of using benefits to keep a lid on staff turnover is to move towards flexible schemes such as those discussed in Chapter 29. An employer who allows individual employees to choose how they make up their own remuneration package will generally be more attractive than one who only offers a 'one size fits all' set of benefits.

While pay rates and benefit packages may play a relatively marginal role in the retention of good people, reward in the broader sense plays a more significant role. If employees do not find their work to be 'rewarding' in the broadest sense of the word, they will be much more likely to start looking for alternative jobs. Making work rewarding is a good deal harder for managers to achieve because different people find different aspects of their work to be rewarding. There is thus a need to understand what makes people tick and to manage them as individuals accordingly. Getting this right is difficult, but achieving it is worthwhile from the point of view of retaining people. It is far harder for would-be competitors to imitate the effective motivation of an individual than it is for them to increase the salary that a person is paid.

## **2.8. Measuring employee turnover**

The Chartered Institute of Personnel and Development (CIPD) in the United Kingdom developed a simple and most common way of measuring employee turnover. The method, according to the CIPD (2007: 1) is to measure the number of leavers in a period as a percentage of the number employed during the same period, usually on a quarterly or annual basis. This is sometimes called the separation rate (SR). This is expressed as follows:

$$\frac{\text{Number of leavers} \times 100}{\text{Average number working}} = \text{separation rate}$$

The CIPD (2007:1) further states that, unless there are special circumstances such as a sudden large increases in the size of the workforce, the average number working is usually taken to be

the number working at the start of the period added to the number working at the end, the total is then divided by two. This simple index is useful in comparing one organization's employee turnover with that of a local employer's, or with that of the industry as a whole. A crude turnover method involves most organizations simply tracking their crude turnover rates on a month by month or year by year basis. The formula is simply calculated as:

$$\frac{\text{Total number of leavers over period} \times 100}{\text{Average total number employed over period}}$$

The total figure includes all leavers, even people who leave voluntarily, dismissal, redundancy or retirement. The weakness of this method is that it does not distinguish between categories of employees, e.g. by length of service, or whether turnover was voluntary or involuntary. It is also important for organizational practitioners to take a record of the retention rate for experienced employees. This is also referred to as the Stability Index (SI) and is calculated as:

$$\frac{\text{Number of staff with one or more years in service} \times 100}{\text{Number employed a year ago}}$$

The stability index formula stated above is consistent with the one devised by the CIPD which is calculated as follows:

$$\frac{\text{Number of employees with one year's service (or more) now} \times 100}{\text{Number of employees one year ago}} = \text{SI}$$

The stability index is most useful in comparisons over a period or with other similar organizations. Measuring employee retention rate and the costs of turnover to the organization is vital in building a business case for thorough and effective recruitment and retention initiatives.

This costing can be a part of performance appraisal ratings especially for line managers and gain top management support for employee management activities. However, it is not all turnovers that attract costs to the organization.

## **2.9. Theoretical Framework of the Study**

### **2.9.1. Evolution of Turnover Model**

There were primary study in organizational employee's movement from view of macroscopically economic at the beginning of the 20th century, for searching the factors influencing employee's turnover, such as salary, common training, labour market structure, and job opportunities, and their achievements have laid the foundation for later construction of organizational employees' retention/ turnover theory (March, 1958; Burton, 1969; Chen, 1997; Zhang et al., 2006).

In terms of the integrative theory concerning management of employees' retention/ turnover, as early as Barnard (1983, 1997), from the perspective of organizational society, personal psychology, and interaction of economic interest, made profound discussions about the determinate factors (individual goal, desirability, impetus, and other available opportunities which can be perceived) for people to join certain "collaborative organization", theory on effectiveness of organizational "inducement" for attracting organizational members and keeping their willingness to contribute to organization, maintaining social structure in organizations, and realizing the target of organization. In Barnard's function of the executive, described among material and non-material inducements provided by organizations, social integrating relation generated by organizations to employees, takes a crucial position and usually plays "determinant" role in effective operation of organizations to employees, takes a crucial position and usually plays "determinant" role in effective operation of organizations or socially collaborative system.

### **2.9.2. The Job-Attitude Period**

Since the 1950s, with the rapid development of the western economy after post-war rebuilding, swiftly increasing management cost, such as the costs of control, replacement and training from organizational employees' retention or turnover accompany lower unemployed' rate.

From establishment and evaluation of research model on organizational employees' turnover, it is generally believed organizational equilibrium theory in the classic work "organization" of March and Simon (1958), who both are inheritor and promoter of social system school on the research of turnover decision behavior of employees (Xie, 2003; Lee and Mitchell et al., 2004).

In their work, March and Simon divided employees' decision-making behaviors into individual's "Decisions to Perform" and "Decision to Participate". Then put forward the earliest overall model about employees' voluntary turnover, the so-called model of "Decision to participate". March and Simon were the earliest figure who tried to integrate labor market and individual behaviors for investigating and studying employees' turnover behaviors. Their outstanding contributions lie in the introduction of labor market and behavior variables into the research on turnover process of employees from organizations, laying a theoretical foundation for later research on employee turnover. Griffith (2000) conducted a review research in the model of element analysis on all papers on employee's volunteer turnover published in classic management magazines, he describes that related variables around attitude models reached eleven kinds of demographic predictors; sixteen kinds of sub-structure variables related to job satisfaction and organization factor and work environment factors, such as expectations, pay satisfaction, role clarity, six kind of variables related to job content and external environment factors, such as job scope, reutilization, job involvement, alternative job opportunities, comparison with present job etc.; three kinds of other behavioral predictors; nine kind of adjusting variables for withdraw process. As Griffith (2000) review, a general research model and analyzing route for traditional attitude research model are displayed in Hausknecht (2008) listed the major 12 retention factors that have been published in the literature over the last 60 years from 24,829 employees in leisure and hospitality industry of US, which help explain why employees stay or quit. A brief summary of these content models is described.

In conclusion, it is generally believed that in the traditional attitude turnover model the process of employees' volunteer turnover (including the turnover intention and behavior of turnover) is the reversed transformation process of employees' retention psychology and behaviors, mainly consisting of four sectors (Lee and Mitchell, 1999): first is the quit process caused by job dissatisfaction; then, employees' search for substitutable jobs before turnover; is evaluation.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

The aim of this section is to highlight the overall methodological content of the thesis. The methodology part is divided into six sub-sections. The first section discusses the research design which the paper relies on and the second section covers population, sample and sampling techniques used. The third part describes data sources, gathering instruments and procedures of the study. The fourth section discusses validity of reliability test. The fifth section presents the methods of data analysis for the research.. Finally, the six section presents the research ethics.

#### **3.2. Research Design**

The type of questions asked by the researcher ultimately determines the type of approach necessary to complete an accurate assessment of the topic at hand. Descriptive studies are primarily concerned with finding out “what is/are,” question, hence descriptive research design was used to analyze factors affecting employee turnover intention in St. Mary’s University. Qualitative data was collected from Human Resource Management Office and from Vice President for Business and Administration Office through semi-structured interview in the first phase of the study.

On the other hand quantitative data was collected through questionnaire in the second phase of the study. Copies of questionnaire were distributed to selected sample in order to validate the themes and to generalize findings.

#### **3.3. Population, Sample and Sampling Techniques**

##### **3.3.1. Population of the Study**

Population is the entire group a researcher is interested in. According to Zikumnd (2003), the definition of population was identifiable total set of elements of interest being investigated by a researcher.

The target population of this study was Permanent Employees, Human Resource Managers and the Vice President for Administration of the University.

### 3.3.2. Sample Size Determination

Sample size is the number of elements to be included in the study (Malhtra, 2006). There are different methods for determining sample size. In this research Taro Yamane's formula for sample size determination was considered as a base. As per Taro Yamane's formula the sample size for the research was determined by using 0.05 sampling error and 95% confidence level. For better result the total sample size taken for this study is 262.

Taro Yamane's Formula for sample size determination

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

N = Total Population

e = sampling error (usually, 0.10, 0.05 & 0.01 acceptable error)

$$N = 756 \quad e = .05$$

$$n = \frac{756}{1 + 756(.05)^2} = 262$$

The questionnaire distributed for the 262 employees had two parts. The first part inquires about background information and the second focuses on questions regarding factors contributing for employee turnover intentions.

### 3.3.3. Sampling Procedures and Techniques

In order to obtain a representative sample, this study employed convenience sampling technique. Convenience sampling is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient (Anol 2012). The reason for using convenience sampling is because the population is too large and it is impossible to include every individual and the respondents are included based on their convenient accessibility and proximity to the researcher.

## 3.4. Data sources, Gathering Instruments and Procedures

In an attempt to analyze factors contributing to employee turnover intention and to provide possible recommendations, both primary and secondary sources of data are used. According to

Biggam, 2008, primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data collection is that it is collected with the research's purpose in mind. This means that the information resulting from it is more consistent with the research questions and purpose.

With regard to primary data, the data collected through questionnaire filled by employees and interview conducted with administrative managers concerned. The interview was conducted with the Deputy, Human Resource Manager.

A close-ended questionnaire which was designed on an Likert scale was used to collect primary data, so that the variables would be marked to measure the level of importance, the agreement or disagreement, the satisfaction or dissatisfaction, and the degree of strength.

Secondary data gives researchers the opportunity to better understand and explain the research problem. Thus, it is very important to start review of the existing data with a clear mind set of what is wanted to accomplish with the study. This will help the researcher to save time and effort because he/she can easily discard data that have no relevance for the study. This can result in information that can only be used partially for a specific study.

The data is used to get better insight into the research topic, establish a viable platform for the theoretical framework constituting the bases of this research, and to design the sample frame and questionnaire for retrieving the primary data. Another advantage of using secondary data is its comparability character. The researcher used it to validate and compare the data obtained through questionnaire to existing literature and articles. Books, articles, journals, magazines, bulletins and brochures of the university were used as secondary data sources.

### **3.5. Validity and Reliability Test**

According to Yin (2003), there are two different ways of judging the quality of research design that is validity and reliability. Validity is the extent to which any instrument measures what is intended to measure. In order to achieve this objective the researcher were taken different steps to ensure the validity of the study from this was:

- ◆ data was collected from the reliable sources, from those target population respondents who have good understanding/knowledge and experience about the University.
- ◆ survey questions were prepared based on previous empirical research review and literature review to ensure result validity.

The result led to make minor changes in the instrument which make prior to administering the survey. The research used Cronbach's alpha to measure the reliability for a set of two or more constructs where alpha coefficient value ranging between 0 and 1 with higher values indicating higher reliability among the indicators.

**Table 3.1. Cronbach's Alpha to measure reliability test**

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Too much work	30.2768	43.636	.437	.711
Lack of promotion opportunities	29.6696	44.375	.433	.713
Possibilities for development with another employee	29.6518	49.161	.062	.760
Job dissatisfaction	29.6607	41.857	.548	.696
Career dissatisfaction	29.5268	41.058	.578	.691
Dissatisfaction with salary	28.3259	51.718	.058	.761
Fear of layoff	30.4509	41.459	.565	.693
Health problem	30.1116	41.732	.424	.712
Work-family conflict	30.3884	40.795	.537	.695
Conflict with staff	29.8438	41.352	.451	.708
Conflict with supervisor	29.5491	45.854	.225	.741

(Source: Own Survey 2008)

### **3.6. Methods of Data Analysis**

Qualitative and quantitative methods are used for the research. The main reason is that the use of this mixed methodologies in combination provides a better understanding of research problems than either approaches alone. A semi-structured interview method was used under the umbrella of qualitative paradigm. And to deal with the validity, reliability, and generalizability, the study was supported by questionnaire with in of quantitative paradigm.

The data gathered in relation to major objective of the research, were analyzed and presented in the form of tables frequency, percentage, mean values, standard deviations and grand mean using SPSS (Version 20) software and summarized for all variables. The information obtained from interviewees is summarized under each interview question.

The data gathered with the help of the above collection method is analyzed quantitatively and qualitatively. The qualitative and quantitative analyses are handled separately and finally the result is mixed for illumination and corroboration purpose. After analyzing and properly interpreting the data, findings are summarized. Based on the major findings, appropriate conclusions are drawn and finally possible recommendations are forwarded as a solution for the employee turnover intention problem in the University.

### **3.7. Research Ethics**

Respondents are assured that the information they provide is confidential and used for academic purpose only. This was to avoid any biased response of unauthentic data provided by respondents and to make participants certain that he/she cannot be traced; this would offer them enough room to express their ideas and point out their responses freely and safely. The data gathered in process of the study was keep confidential and would not be used for any personal interest and the whole process of the study. The study was controlled to be within acceptable professional ethics.

## Chapter Four

### Data Presentation, Analysis, Interpretation and Discussion

#### 4.1. Introduction

In this chapter, the results obtained in the study are analyzed and interpreted in detail. This chapter begins by presenting respondents' profile followed by a descriptive statistics, mean, standard deviation and cumulative standard deviation analysis, respectively. A total of 262 copies a questionnaire were distributed to St. Mary's University permanent employees. Among 262 copies were returned and analyzed, while the remaining 38 questionnaires were not included due to incompleteness of the questionnaire.

#### 4.2. Trend of Turnover at St. Mary's University

Employee turnover is frequent and it is becoming chronic at St. Mary's University. The following table clearly shows the rate of turnover that the organization is faced in each year.

**Table 4.1. Trend of turner at St. Mary's University**

Ser No.	Year	Turnover Employee in number
1	2007	180
2	2006	266
3	2005	227
4	2004	210
5	2003	256
6	2002	182
<b>Total</b>		<b>1321</b>

*(Sources: HRM Statistical Data 2007 E.C)*

### 4.3. Demographic Information of Respondents

**Table 4.2. Background Information of Respondents with respect to Age Group**

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	80	35.7	35.7	35.7
30-40	107	47.8	47.8	83.5
>50	37	16.5	16.5	100.0
Total	224	100.0	100.0	

(Source, Questionnaire, 2008)

As shown in table 4.2., 35.7% of employee respondents are between 20 and 30 years of age, 47.8% of employee respondents are between 30 and 40 years of age. People within this age range are those who are more productive. Losing this group due to turnover will highly affect the performance of the university and above 50 are 16.5% respectively. The data shows the majority of the respondents are young and hence more probability of turnover

**Table 4.3. Background Information of Respondents with respect to Sex and Martial Status**

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
male	160	71.4	71.4	71.4
female	64	28.6	28.6	100.0
Total	224	100.0	100.0	
Martial Status				
Single	98	43.8	43.8	43.8
Married	126	56.3	56.3	100.0
Total	224	100.0	100.0	

(Source, Questionnaire, 2008)

As indicated in table 4.3. 71.4% percent of employee respondents are male whereas females are 28.6%. This implies that the majority of the respondents are male. As also shown in the same

table the majority of respondents are married that is 56.3% whereas 43.8% percent are single. It is believed that respondents who are single are relatively free to move from one organization to another than married ones. Most respondents are married, which will contribute to the stability of the staff but other factors can force them to think of leaving.

**Table 4.4. Background Information with respect to Qualification**

Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	29	12.9	12.9	12.9
Adv. Diploma	20	8.9	8.9	21.9
Degree	118	52.7	52.7	100.0
MA	57	25.4	25.4	47.3
Total	224	100.0	100.0	

*(Source, Questionnaire, 2008)*

As indicated in table 4.4. of the above table, 52.7% of respondents are qualified at first Degree level and 25.4% of employees are qualified at second degree level. This indicates that almost all of the respondents are first degree graduates of college and universities.

**Table 4.5. Background Information of Respondents with respect to Experience**

Service Year	Frequency	Percent	Valid Percent	Cumulative Percent
<1	40	17.9	17.9	17.9
1-2	25	11.2	11.2	29.0
3-5	38	17.0	17.0	46.0
>5	121	54.0	54.0	100.0
Total	224	100.0	100.0	

*(Source, Questionnaire, 2008)*

Table 4.5. Shows the number of employees and the number of years served. It shows that 17.9% served for less than one year; 11.2.% between one and two years; 17% between three and five years, and 54% more than five years, it is likely that those whose service exceeds five years have

gathered ample knowledge and experience regarding the University. The discontinuation of these types of employee will have significant impact on the performance of the University.

**Table 4.6. Background Information of Respondents with respect to Salary**

Salary	Frequency	Percent	Valid Percent	Cumulative Percent
<1500	20	8.9	8.9	11.6
1501-2500	127	56.7	56.7	88.8
2501-4000	46	20.5	20.5	32.1
4001-7000	6	2.7	2.7	2.7
>7000	25	11.2	11.2	100.0
Total	224	100.0	100.0	

(Source, Questionnaire, 2008)

As shown in table 4.6. 8.9% of respondents earn less than 1500 birr per month. 56.7% of the employees earn between 1501 and 2500. Those who earn between 4001 and 7000 and above 7000 are 2.7% and 11.2% respectively. One can see that the majority of the respondents earn below 4000 per month.

**Table 4.7. Background information of Respondents with respect to Division**

Division	Frequency	Percent	Valid Percent	Cumulative Percent
Academic	102	45.5	45.5	45.5
Administrative	122	54.5	54.5	100.0
Total	224	100.0	100.0	

(Source, Questionnaire, 2008)

As indicated in table 4.7., 45.5% of employees respondents are Academic whereas Administrative are 54.5%. This implies that the majority of the respondents are Administrative.

#### 4.4. Presentation and Analyses of Data

##### 4.4.1. Factors Affecting Employee Turnover Intention

The following table presents the descriptive statistics of important of factors regarding employee turnover intention.

**Table 4.8. Factors Affecting Employee Turnover Intention**

Items	Mean	Std. Deviation	Grand Mean
Too much work	2.4687	1.17099	2.9768
Lack of promotion opportunities	3.0759	1.07917	
Possibilities for development with another employer	3.0937	1.23664	
Job dissatisfaction	3.0848	1.19676	
Career dissatisfaction	3.2188	1.23891	
Dissatisfaction with salary	4.4196	1.89481	
Fear of layoff	2.2946	1.21381	
Health problem	2.6339	1.44865	
Work-family conflict	2.3571	1.33834	
Conflict with staff	2.9018	1.43911	
Conflict with supervisor	3.1964	1.34491	
Valid N (list wise)			

*(Source, Questionnaire, 2008)*

Regarding employee turnover significant factors which contribute to turnover intention are dissatisfaction with salary (mean 4.41 and SD 1.89), career dissatisfaction (mean 3.21 and SD 1.23), conflict with supervisor (mean 3.19 and SD 1.34) Possibilities for development with another employee (mean 3.09 and SD 1.23), job dissatisfaction (mean 3.08 and SD 1.19), lack of promotion opportunities in the University (mean 3.07 and SD 1.07). In all cases SD has a higher mean value. The mean values for dissatisfaction with salary, career dissatisfaction, conflict with supervisor, possibilities for development with another employee, job dissatisfaction and lack of

promotion opportunities in the University. Dissatisfaction with salary and career dissatisfaction in St. Mary's are the two major reasons for employee's turnover intention.

Respondents considered factors such as conflict with staff (mean 2.90 and SD 1.43), health problem (2.63 and SD 1.44), too much work (mean 2.46 and SD 1.17) work family conflict (mean 2.35 SD 1.33) and fear of layoff (mean 2.29 and SD 1.21), as factors which are irrelevant for their intention to leave.

The table also illustrates that the major and most important factor for intention to leave is dissatisfaction with salary for which the respondents confirmed. In line with the four basic categories of factors affecting employee turnover presented in chapter two we can see that the major factor which is contributing to employee turnover intention is push/controlled factors which are aspects that push employees towards the internal factor which can be controlled by organizations.

The analysis clearly indicated that push factors such as dissatisfaction with salary, career dissatisfaction, conflict with supervisor, possibilities for development with another employer, job dissatisfaction and lack of promotion opportunities in St. Mary's, and only pull factor, made employees think of leaving/terminating their employment from /with St. Mary's University.

#### **4.4.2. Benefit and Salary Package**

According to literatures and research conducted by different researchers' compensation package (benefit and salary) issue is one of the major factors which can contribute to employees' turnover intention. The next table in the questionnaire assessed respondent's level of agreement/disagreement with respect to the University's compensation package (salary and package) with five statements.

**Table 4.9. Factors related to Benefit and Salary Package**

Variables	Sum	Mean	Std. Deviation	Grand Mean
The salary scale and other benefits motivated to stay in St. Mary's	459.00	2.0491	.98523	2.3504
The earning I got is fair in comparison with the effort I exert	477.00	2.1295	.90153	
I have equal chance of making as possible as other employees in my organization doing similar to with similar qualification	588.00	2.6250	1.17999	
I have equal chance of making as other workers in other organizations doing similar job with similar qualification	525.00	2.3437	1.35019	
The future hope of getting better benefit made to say at St. Mary's	467.00	2.0848	.91668	
Valid N (listwise)				

*Source, Questionnaire, 2008*

On the subject of fairness of the earning given in comparison with the effort they exert (mean 2.12 & SD .90), the chance of making as possible as other employees in the organization doing a similar job with similar qualification (mean 2.62 & SD 1.17), the chance of making as other workers in other organizations doing similar job with similar qualification ( mean 2.34 & SD 1.35), the above questions related to earning have an overall mean value of 2.35 which shows that respondents are not comfortable with the earning they get for their contribution and on both internal and external pay equity. This supports the finding in the first table which clearly indicated dissatisfaction with salary is the major factor for employee turnover intention.

For the other two questions respondent's have also expressed their response. Their view is presented as follows: future hope of getting better benefits (mean 2.08 & SD 0.91), the salary scale and other benefits motivated to stay in the University (mean 2.04 & SD 0.98).

As per the respondents view pertaining to the University's compensation package, one can understand that it is a poorly designed package which can make employees think of leaving the University unless it is readjusted.

#### **4.4.3. Factors related to Job Autonomy Relationship and Working Conditions**

The nature and practice of issues related to relationship and working conditions play an important role in retaining employees in the organization. The better these practices are the higher the retention will be.

The statement associated with the flexibility of working condition has the least mean value which is 2.55 which shows the flexibility of working conditions in the University is poor. This will lessen the motivation and productivity of employees in their job.

The experiences of giving recognition for employee's contribution, the fulfillment of resource for your work unit are rated poor. The weakness in these three variables will have a negative impact on the University activities as a service providing institution. The physical work environment was considered to be average and relationship with colleagues is found to be good.

The following table illustrates respondent's view about the actual situations of relationship and working conditions in the University.

**Table 4.10. Factors related to Job Autonomy Relationship and Working Conditions**

Items	Mean	Std. Deviation	Grand Mean
The experience of giving recognition for employees contribution	2.5759	.91011	3.0905
The guidance you get from your supervisor	3.4866	.75750	
The level of empowerment in your job. The level of empowerment in your job	3.2143	.87751	
Your relationship with colleagues	3.8348	.63135	
The fulfillment of resource for your work unit	2.8080	.84902	
The flexibility of working condition	2.5580	.71262	
The physical work environment is.	3.1562	.93639	
Valid N (list wise)			

*Source, Questionnaire, 2008*

#### **4.4.4. Job related Factors**

Job related factors such as working environment and working conditions have also contribution to employee's turnover intention. The statements in the table below raised questions to know satisfaction level of respondents regarding factors related to the job.

The results clearly indicated the dissatisfaction of respondents on the freedom of innovative thinking (mean 3.16 & SD 1.1). The awareness creative and level of participation on organizational issues (mean 2.66 & SD 0.86) shows the participation of employees in organizational issues is very low. This can make them reluctant to contribute as much they can

for their organization. The very low participation will affect the organizational citizenship behavior of employees and will increase employee's turnover intention and assignment on different positions as per employees performance (mean 2.60 & SD 0.73) and the consideration qualification and experience for promoting employee (mean 2.40 & SD 0.70) which show the promotional practice in the university is not accepted by most employees . Respondents were neutral on aspects of variety in the job (mean 2.41 & SD 0.89).

**Table 4.11. Factors related to Job**

Variables	Mean	Std. Deviation	Grand Mean
The variety in your job	2.4196	.89481	2.6517
Freedom of innovative thinking	3.1696	1.18578	
The assignment of different positions as per your performance	2.6027	.73856	
The consideration qualification and experience for promoting employee	2.4063	.70243	
The awareness creative and level of participation on organizational issues	2.6607	.86852	
Valid N (listwise)			

*(Source, Questionnaire, 2008)*

As stated before, a comment section was made available for respondent in the questionnaire to state the reason for their intention to leave. Most of the employees who responded in this part have indicated three major reasons, i.e. dissatisfaction with salary, lack of consideration qualification and experience for promoting employee and lack of promotion opportunity. No

additional factor is pointed out as a reason for their intention to leave. They are urging the University to take the necessary measure.

#### **4.5. Analysis of Interview Data**

This qualitative data from interviewees' i.e. from Deputy, HRM Manager and from the Vice President for Business and Administration through interview illustrated as follows:

- ◆ All the two interviewees' replied that both departments are aware about employee turnover of the University
- ◆ The reasons for employee turnover expressed by both departments are almost the same lower salary, lack of promotion opportunity, undefined/poor career path and problems related to managers (conflict) were the major factors stated by the manager of HRM. In addition to these the first and major reason of these is the lower salary. This shows that the university is losing professional employees which in turn affect the performance of the University.
- ◆ Both managers articulated that the university is incurring recruitment, training and other related costs; the problem is serious especially in customer service delivery departments on which the turnover will affect the service provision negatively.
- ◆ The Deputy, HRM manager stated the university as a teaching learning center for people in the country; it is because professional employees are leaving the university after getting experience and training. As per the Vice President idea even if the problem of employee turnover is obvious, the university is making at least an overall assessment on the reasons for this problem but not making efforts for the solutions.
- ◆ Both the Deputy, HRM Manager and Vice President for Business and Administration stressed on the non financial costs the HR is incurring, besides the costs of recruitment there is a difficulty to recruit employees especially in different profession due to the lower salary scale. This will create a deficiency in human resources, mostly in areas requiring expertise knowledge. Existing employees will become overburdened. The combined effect will result in difficulty to achieve organizational objectives.
- ◆ The effort made by the University to alleviate employee turnover problem is very poor. Employees (especially professional) are leaving due to the major reasons stated above as per the view of both parties.
- ◆ Most employees are dissatisfied with the current salary, benefit package and promotional practices due to this the current image of the university is not good. For

these and other reasons employees (especially young and professional employees) intention to stay in the university is lower.

The data obtained from the two primary data collection sources, questionnaire and interview and from the two departments are almost similar. Moreover the problem is recognized by both departments. Hence the management analyzes the problem and takes necessary measures

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION, RECOMMENDATIONS AND FUTURE DIRECTION**

#### **5.1. Summary of findings**

- ◆ Management of the organization is aware of skilled manpower turnover that the organization is facing.
- ◆ Most employees of the organization are young and first degree holders who have more intention for turnover.
- ◆ Employees of the university gained valuable working experience due to the chance they obtained to work at St. Mary's University.
- ◆ For current employees qualification and experience are not considered to promote them.
- ◆ Financial issues of the organization are not attractive which motivate employees to stay at St. Mary's University.
- ◆ The organization is not providing employees different positions based on their qualification and performance.
- ◆ The university is not providing clear path for employees to advance their career.
- ◆ Employees of the university have no future hope of getting better benefits.
- ◆ There is mismatch between the position they hold and the skill and knowledge they have.
- ◆ Supervisors of employees have not arranged flexible working condition.
- ◆ The University does not allow employees to participate in organizational issues.
- ◆ Most employees responded their intention to leave the organization because of low salary scale and other benefit packages.

#### **5.2. Conclusion**

The major factor for employee's turnover intention in St. Mary's University is push/controlled factors which are internal factors that push employees towards the exit door that can be controlled by the University. Pull factors are the next reason for employee's turnover in the University. Personal factor was found to be minimal and being the least contributor.

Employees do not want to stay working for the University if they get other opportunities. The organizational citizenship behavior of most respondents is lower. i.e. Majority of the respondents have no sense of belongingness to the organization.

The high employee turnover in the University is considered as one of the major reasons for the poor performance of the University. The employee turnover problem and the consequences of this problem are well known but the actions taken to solve the problem are minimal. The University overall human resource management practices are poor.

### **5.3. Recommendations**

In general market place, organizations worldwide rely on their employees in order to compete favorably and gain competitive advantage. There is growing need to public sector organizations in Ethiopia to improve on service delivery. To be able to do this effectively, managers in public/private sector organizations must devise a practical means of retaining key employees whose expertise is critical to service delivery. One of achieving this is to motivate these employees through comprehensive and proactive retention program.

**The following recommendations are suggested in view of the findings of present study.**

- ◆ The management of the organization is aware of skilled manpower turnover, it could strongly work on retention mechanisms like encourage employees to participate in decision making, arrange good working environment, giving promotions, sharing benefits based on their performance, giving clear path for career advancement, could still work on good training and development mechanisms etc....
- ◆ Even though employees believe as their level of qualification increases, their chance of working decreases, the management is better to assign them to different positions based on qualification.
- ◆ Management should work with different bodies to get finance, which may be used for compensating and rewarding talented key performers of the University.
- ◆ Since qualification and experience are considered in promoting employees, the university should continue and improve this good practice.
- ◆ The university should provide material which is essential for discharging their responsibilities.

- ◆ The University should motivate employees to stay in the organization and convince employees to get in the future better benefits than the current benefit.
- ◆ Give power and make them to participate in decision making to make them to feel sense of belongingness to their organization.
- ◆ Supervisors of the university should work closely with subordinates and arrange flexible working condition to retain employees.

#### **5.4. Future Research Directions**

- ◆ Future research can be carried out to determine the factor of other variables which are not identified in the present study but affect retention and turnover in order to predict turnover tendencies.
- ◆ Any interested researchers can include government's Universities and private organization level practices and turnover intentions of employees to show the relation between government and privation universities/organizations.
- ◆ The questionnaire used in this study could be expanded and modified to develop a retention measuring instrument which can form the basis for developing retention program for universities.

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## **APPENDICES**

**1. QUESTIONNAIRE**

**2. INTERVIEW QUESTIONS**

## APPENDIX- A: QUESTIONIRE

**St. Mary's University  
School of Graduate Studies  
MBA Program  
Questionnaire**

Dear respondent, I am going to conduct a research on the problem of high turnover rate at St. Mary's University. The objective of the research is to investigate the actual factor contributing to the employee turnover intention and forward possible solutions and recommendations. Thus, I would like to request you to complete this questionnaire very carefully. And, I appreciate your cooperation in advance.

### **General Instruction**

1. Please indicate your answer by ticking (√) on the appropriate box.
2. Please select any one among the options given in the liker scale.
3. For open ended questions use the space provided.
4. There is no need to write your name.

### **Part one: Demographic characteristics of Respondents**

1. Age                     20-30                     30-40                     40-50                     >50
2. Gender                 Male                     Female
3. Marital status       Single                     Married
4. Educational Qualification  
 Less than Diploma       Diploma                     Advanced Diploma  
 First Degree                     Second Degree       PhD
5. Year of service at the organization  
 < 1 year                     1-2                     3-5                     >5
6. Monthly Salary  
 < 1500       1501-2500       2501-4000       >4001-7000       >7000
7. Division /Department of your work  
 Academic       Administrative

**Part two: Questions related to Employee Turnover Intention**

**A. Factors that can create Employee Turnover Intention**

Please indicate the importance to you of the following factors on a 5-point liker scale as part of your intentions to leave St. Mary’s University.

- 1: Not important factor                      2: Somewhat important factor                      3: Uncertain  
 4: All important factors                      5: A very important factor

Ser. No	Factors that can create Employee Turnover Intention	Not important factor	Somewhat important factor	Uncertain	An important factor	A very important factor
1.	Too much work					
2.	Lack of promotion opportunities					
3.	Possibilities for development with another employee					
4.	Job dissatisfaction					
5.	Career dissatisfaction					
6.	Dissatisfaction with salary					
7.	Fear of layoff					
8.	Health problem					
9.	Work-family conflict					
10.	Conflict with staff					
11.	Conflict with supervisor					

**B. Questions related to Benefit and Salary package**

Please indicate your level of disagreement or agreement of the following statement on the 5-point liker scale below.

- 1: Strongly disagree                      2: Disagree                      3: Neutral                      4: Agree                      5: Strongly Agree

Ser. No	Benefit and Salary Package	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	The salary scale and other benefits motivated to stay in St. Mary’s					
2.	The earning I got is fair in comparison with to effort I exert					

3.	I have equal chance of making as possible as other employees in my organization doing similar to with similar qualification					
4.	I have equal chance of making as other workers in other organizations doing similar job with similar qualification					
5.	The future hope of getting better benefit made to stay at St. Mary's					
6.	The University is providing good terminal benefit pension					

**C. Questions related to Recognition Job Autonomy Relationship and Working Conditions**

Please rate the following statements on the 5-point liker scale below.

1: Very poor      2: Poor      3: Average      4: Good      5: Excellent

Ser .No	Recognition Job Autonomy Relationship and Working Conditions	Very poor	Poor	Average	Good	Excellent
1.	The experience of giving recognition for employees contribution					
2.	The guidance you get from your supervisor					
3.	The level of empowerment in your job					
4	Your relationship with colleagues					
5	The fulfillment f resource for your work unit					
6	The flexibility of working condition					
7	The physical work environment is.					

**D. Questions related to Job Related Factors**

The following statements/questions are designed to measure the degree of satisfaction you feel with respect to aspects of the job. Please indicate your level of satisfaction.

1: Very Dissatisfied    2: Dissatisfied    3: Neutral    4: Satisfied    5: Very Satisfied

Ser. No	Job Related Factor	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
1.	The variety in your job					
2.	Freedom of innovative thinking					
3.	The assignment of different positions as per your performance					
4.	The consideration qualification and experience for promoting employee					
5.	The awareness creative and level of participation on organizational issues					

**E. Questions related to Demographic Factor**

Please indicate your level of disagreement or agreement of the following statements on the 5-point liker scale below:

1: Strongly disagree    2: Disagree    3: Neutral    4: Agree    5: Strongly Agree

Ser. No	Demographic Factor	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	As age increases the chance of staying increases					
2.	Sex is determine to stay					
3.	As level of qualification increases commitment and level of stay increase					

**F. Comments**

1. What is your main reason for your intention to leave?

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2. Is there anything that would change your mind about living he organization?

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3. Do you have any further issues that you would like to comment on?

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## **APPENDIX- B: INTERVIEW QUESTIONS**

1. Is management aware about employee turnover of the University?
2. What is your view regarding reasons for turnover of employees?
3. What retention mechanisms are devised by the University to retain existing employees?
4. What is the view of current employees to stay in the University?



## Declaration

I, Kidist Tabor hereby declare that this study; **Factors Contributing for Employee Turnover Intention at St. Mary's University** I have carried out the present study independently with the guidance and support of the research advisor, Temesgen Beyene (PhD).

The study has not been submitted for award of any Degree in this or any other Institution. It is in partial fulfillment to the requirement of the program Masters Degree in Business Administration (MBA).

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Name

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Sign & Date

## **Endorsement**

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

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Advisor

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Sign & Date