

**IMPACT OF EMPLOYEE TURNOVER IN
LION INTERNATIONAL BANK, S.C,
ADDIS ABABA, ETHIOPIA**

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BACHELOR OF SCIENCE IN
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APPROVAL SHEET

**ST. MARY'S UNIVERSITY COLLEGE
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As a member of examining board of the final senior essay presentation/defence; we certify that we have heard and evaluated this paper prepared by Endriyas Alganeh entitled Impact of Employee turnover at Lion International Bank, Addis Ababa, Ethiopia and recommend that it be accepted as the partial Fulfilment of the Requirements for the Degree of Management.

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DECLARATION

I, the undersigned, declare that this senior essay/project is my original work. All sources of materials used for the manuscript have been duly acknowledged.

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ACRONYMS

LIB	Lion International Bank
IT	Information Technology
HRD	Human Resource Division
CBE	Commercial Bank of Ethiopia
DBE	Development Bank of Ethiopia

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CHAPTER I

1.1 BACKGROUND OF THE STUDY

Human resource Management activities play a major role in ensuring that an organization will survive and prosper. Organizational effectiveness or ineffectiveness is described in terms of such criteria and components as performance, legal competence, employee satisfaction, absenteeism, turn over, training effectiveness and return on investment, grievance rates, and accident rate (Ivancevich, 2005, p. 9). In most organization, effectiveness is measured by the balance of such complementary characteristics as reaching goals, employing the skill and abilities of employees efficiently, and ensuring the influx and retention of well-trained and motivated employees (Ivancevich, 2005, p. 9).

Turnover occurs when employees leave an organization and have to be replaced. For many organizations, turnover cost is very high and affect significantly the financial performance of an organization. Direct costs of an organization include recruitment, selection and training of new employee, which will take much time and expenses. Not only the cost lengthy training times, interrupted schedules, overtime for others, mistakes, and not having knowledgeable employees in place are some of the frustrations associated with excessive turnover. (Robert L. Mathis 1997, P. 75)

When we see the practice in Lion International Bank S.C, large numbers of employees leave the bank from time to time in various reasons. Losing its well trained, skilled, and experienced workers will adversely affect the bank. So that to minimize the adverse consequences which come as a result of the turnover, this paper try to address some issues in relation to the turnover of employees

such as the causes of turnover (what factors will drive employees to leave the bank), and the possible solutions that will help to reduce the turnover and associated adverse consequences.

1.2 BACK GROUND OF THE LIB

Lion International Bank S.C. (LIB) is a privately owned Share Company, established on October 2, 2006 in accordance with Proclamation 84/94 and the commercial code of Ethiopia with over 6,000 shareholders; and the paid up capital is over birr 170 million while its subscribed capital is birr 432 million. The Bank is led by eleven members of board of directors elected by the General Assembly to decide on policy matters and oversee the overall performance of the Bank. The President of the bank, is appointed by the board of directors, is responsible for the day to day activities and is accountable for the financial and operational performance of the Bank.

LIB has created an employment opportunity for over 600 people, since March 31, 2008 and expands its branch network throughout the country based on financial soundness. During the first year of its operation, LIB has succeeded to open 16 branches, and provides a range of services including deposits, local transfer services, various types of credit facilities and international banking services.

By using Information Technology LIB has laid down the necessary IT Infrastructures that enhance its competitive strength and service delivery. It has entered into a contractual agreement with DELTA INFORMATIQUE, a French IT developer company and is implementing a Core Banking System Software in all its operating organs and branches. (LIB Annual Operation Plan 2011/2012)

1.3 STATEMENT OF THE PROBLEM

Lion International Bank is one of the private banks that contribute for the Socio-economic development of the country. Currently there are over 600 (Six hundred) employees in its different branches and head office organs. However, from time to time, 76 (Seventy Six) (According Organizational Profile up to July 31, 2012) employees left the bank to other banks, and organizations for various reasons. Therefore, the separation of its high skilled and well-experienced workers is adversely affecting the bank. The study will try to relate the problem of high employee turnover by assessing the practice of LIB to get a true picture of the problem. (LIB Annual Operation Plan 2011/2012)

1.4 OBJECTIVES OF STUDY

1.4.1 General Objectives

The major objective of this study is to assess the extent of employee turn over problem, its challenges and impact in Lion International Bank S.C (LIB)

1.4.2 Specific Objectives

The major/general objectives of this study can be broken down in to the following specific objective:

- ✚ To identify the practice of the organization to overcome employees' turnover (what kind of working conditions and environment should be created in order to limit the rate of employee mobility).
- ✚ To assess the real internal/External causes that drives them to leave the bank.
- ✚ To determine the actual negative consequences of the turnover on the operations of the bank.

- ✚ To highlight the possible relationships of turnover and its motives.
- ✚ To know the magnitude of employee turnover as of July 31, 2012?
- ✚ To determine the frequency of turnover of employees.
- ✚ To identify the internal/external factors that caused the employees turnover
- ✚ To identify the effect of turnover on the morale of employees who are still working in the bank
- ✚ To know the cost of the bank to replace new employee in the place of ones who left the bank (Cost of advertisement and related cost to recruitment process
- ✚ To know the extent of expenditure to train new employees.

1.5 Significance of the Study

This research was meant to provide the researchers as well as the company the following benefits:

1. To serve as partial fulfillment requirement of BA degree in Management.
2. To expose for the researchers to handle such type of paper.
3. To remind the bank's management that employee turnover is a serious issue and should be given due consideration to reduce it.
4. To serve as a base for other researchers who will conduct studies on the same or related topic.

1.6 SCOPE OF THE STUDY

The researchers aimed to assess employees turn over and issues related to the turnover problem of LIB by addressing employees in all branches and head office organs in Addis Ababa.

1.7 LIMITATION OF THE STUDY

The researcher was a full-time employee and a distance student. Because of this, he did not have enough time to conduct the research work thoroughly. So the study was limited only in Addis Ababa because of time, material and money constraints. In addition, he will be faced with lack of genuine information about the problem of employee turn over from HRD; it also expected problem lack of cooperativeness of employee to give the valuable information.

The study was conducted only in branches of Addis Ababa due to financial, and time constraints, so it may not show the real picture of the problem in all the regional branches.

1.8. METHODOLOGY OF THE STUDY

1.8.1 DATA COLLECTION METHOD

The researcher collected data using both primary and secondary sources. The use of these sources may have their own merits and demerits.

Primary data is adequate and suitable for the purpose of the researcher and it can easily show the data in detail and accurate form though; it is expensive and time consuming.

Secondary Data is cheap and accessible to collect data but the data may have errors related to copying from primary data and it also has lack of consistency.

Even if the primary and secondary data have its own limitation both methods have the capacity to extract meaningful findings for the study.

The primary data was gathered by administering Questionnaires and conducting in-depth interview.

The secondary data was collected from different documents that were available in Lion International Bank S.C. LIB Annual Report) in relation to turnover and other related issues.

The researchers conducted key informant interview with the bank's human resource personnel.

The questionnaire was distributed randomly for selected employees (clerks, officers, and supervisors, Heads, Managers) who are currently working in the bank.

The researcher used purposive sampling technique (Purposive sampling is a sampling method in which elements are chosen based on purpose of the study) for the reason that it is useful to get valuable information from persons who are directly related to the subject matter.

The questionnaires was also administered to ex-employees (employees who already left the bank) to know the real cause of their separation.

1.8.2 DATA ANALYSIS METHOD

The collected data was systematically analyzed using tables, graphs, charts and other analyzing methods which are useful to clearly show the raw data in organized way.

1.9 Timeframe, Budget breakdown

1.9.1 Timeframe

The researcher conducted the research as per the following Schedule

Table 1: Time frame

Activity	Deadline
Selection of research title	September, 10, 2012
Submission of draft proposal	October 10, 2012
submission of Final proposal	October 28, 2012
Data Collection	November 11, 2012
In house data analysis	November 23, 2012
submission of draft paper	November 30, 2012
submission of final paper	December 10, 2012
Communication of final study result with LIB Human Resource Department	December 31, 2012

1.9.2 Budget breakdown

The researcher estimated the overall cost of the study as per the following cost break down

Table2 Budget breakdown

Budget items	Rate per	Estimated amount	Total charge
Secretarial Service	2 Br/page	100 pages	200.00
Travel expense	8 Br/trip	10 trips	80.00
Office supplies	-	-	50.00
Telephone	1 Br/ call	20 calls	20.00
Others	-	-	50.00
Total cost			Br 400.00

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1 GENERAL INTRODUCTION

The characteristic of organizations in the 21st century is the continuous and rapid pace of change. Volatile and free market economic environments, rapidly changing technologies, global competition, workforce diversity, and new organizational structures are some of the challenges an organization faces. Organizations may differ in the priority they attach to the human resource component, in their efforts toward achieving high productivity and competitive advantage, yet they all recognize the value of a qualified, motivated, stable, and responsive team of employees (Huselid, 1995).

Retention and productivity levels of the existing workforce are an essential concern in human resource management. Employee turnover is one of the most studied topics in organisational psychology (Mitra, Jenkins, & Gupta, 1992) and is of interest to other professionals, including personnel researchers, and managers of organisations (Mobley, Griffeth, Hand, and Meglino, 1979).

Employees may exit an organisation either voluntarily or involuntarily. For the purpose of this research, 'turnover intention' is defined as an employees decision to leave an organisation voluntarily (Dougherty, Bluedorn & Keon, 1985; Mobley, 1977).

Most theories of turnover maintain that employees leave their jobs when their needs are not being satisfied at their present place of work and alternative job becomes available which the employees believe will satisfy more of their needs. The highest turnover level is found in companies where employees report greater dissatisfaction. Turnover levels are generally high in companies with poor working condition, undesirable jobs, wage inequities, and limited opportunities for advancement. Job dissatisfaction produces low morale among workers which is undesirable. (Dougherty, Bluedorn & Keon, 1985; Mobley, 1977).

2.2 EVALUATION OF TURNOVER

An employee's exit from an organisation is a direct cost, in the form of having to select, recruit, and train a new employee (Dalton, Todor, & Krackhardt 1982; Staw, 1980). The exiting of employees also has indirect cost implications that include reduced morale, pressure on the remaining staff, costs of learning, and the loss of social capital (Des & Shaw, 2001). One of the main consequences for organizations that have a high turnover is the financial cost. The total costs of employee turnover are hard to measure, in particular the effects on the organization's culture, employee morale, and social capital or loss of organizational memory (Des & Shaw 2001). The focus has been mainly on the tangible costs associated with turnover in the areas of selection, recruitment, induction and training of new staff, and the cost of being short-staffed (Cascio, 1987). The cost of losing a high performer who has a high degree of knowledge, skills and abilities, or an employee, who is employed in an area where there is a labor market shortage, can be substantial to the organizations performance, productivity, and service delivery.

According to Dalton and Rador (1986) the estimate cost of turnover to an organization has been on average one to one and a half times the employee's salary. Indeed, Clark-Rayner and Harcourt (2001) estimated the costs of external

recruitment of personnel at a New Zealand bank to be NZ\$4,500 for non-management employees and NZ\$12,500 for management employees.

In general high labor turnover will be particular problem when:

- ✚ Recruitment costs are high
- ✚ Labor is in short supply
- ✚ Training is expensive and /or time consuming

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

$$\begin{array}{l} \text{Separation rate} \\ \text{(Labour turnover index)} \end{array} = \frac{\text{NO. of employees leaving during the year}}{\text{Average numbers employed during the year}}$$

In the case Ethiopian banks, particularly in Zelalem and Andenet study, in CBE and DBE respectively, there is no any practice to calculate turn over index, to know and measure the performance to identify the extent to which new recruits leave, rather than longer-serving employees

2.3. CAUSES OF LABOR TURNOVER

There are a number of factors that contribute to employee turnover. We explore some of these factors in more detail below.

✚ Management system

According to Steven Williams, Gonzo Banker Cornerstone Advisors, Management is the biggest variable in turnover – One of the universal truths in business is that no one likes to work for a jerk. Banking may not be full of jerks, but it is full of people in management jobs that are lacking in the art of management. A

recent study from the American Management Association showed that 50 percent of the typical employee's job satisfaction is determined by the quality of his/her relationship with the manager. Bankers often worry that they lack "bench strength" in their organizations, and this looks to be a realistic concern. According to HR experts Retensa, nearly 50% of all middle managers in corporate America is either currently looking for another job or plan to do so. It sounds like they're annoyed with some of the jerks at your bank.

According to Zelalem [2003/04], in the case of Developmental Bank of Ethiopia, the major cause of employee turnover were inadequacy of the existing salary scale, the existing salary scale administration, absence of adequate promotion opportunity in the career structure of the bank, limited transfer opportunity and improper handling and care for staff by managements are major factors for relatively high staff turnover at the bank.

Labor Union

Labor Unions provide voice to employees who are dissatisfied with "wages, hours and other terms and conditions of employment" (the areas over which unions are authorized to bargain under the NLRA).

According to Steven E. Abraham & Barry A. Friedman & Randall K. Thomas [January 5, 2008] research, the findings provide additional evidence for the exit-voice theory that adds to our knowledge of how employees make decisions regarding leaving their organizations and how the voice provided by unions may enable dissatisfied employees to stay with their organizations despite their dissatisfaction. On a more practical level, the study provides implications for unions and management regarding employee retention. Given the declining union membership in the United States, unions must provide compelling reasons to motivate employees to organize. Similarly, unions need to retain the employees

already organized. The results reported here show that the voice unions provide for employees gives them an alternative to leaving the organization if they are dissatisfied. In today's economy, it may be difficult for employees to find new jobs. Similarly, it is costly for management to replace employees who leave. Therefore, any reduction in turnover that is associated with unionism benefits employees and management at the same time.

Absenteeism

According to Johns (1994) an absence refers to the time an employee is not on the job during scheduled working hours, or is granted a leave of absence, or holiday or vacation time. The aggregated impact of absenteeism on the North America economy alone is at least \$40 billion. Furthermore, there is reason to believe that absenteeism is becoming even more of a concern to organizations. This is because global competitiveness and the pace of environmental change have put an increased premium on speed, quality, service, and teamwork factors that are especially vulnerable to the lack of co-ordination prompted by elevated absenteeism. However, research also shows that absenteeism is associated with, or predictive of, other counter-productive behaviors, including lateness, reduced personal productivity and turnover.

Work strain

Work strain has been the focus of many researchers because of its dysfunctional impact on employees and for the organisation as a whole. According to Koeske, Kirk, and Koeske (1993), strain is the consequence of stressors. Strain is 'an internal state of the individual who perceives threats to physical/or mental well-being' (Krantz, Grunberg & Baum, 1985, p. 354). The indicators of stress manifest themselves around employees' experiences of strain, and are commonly linked to feelings of anxiety and depression and cognitive failure (O Driscoll & Brough, 2003) High levels of anxiety mean that the employees are mentally preoccupied and their cognitive mental processing framework and attention to the

environment is diminished. This pre-occupation interferes with the employee's ability to process information adequately and to be able to plan effective strategies in their daily activities. Employees, who are under work strain, respond to their world differently, both cognitively and affectively (O'Driscoll & Cooper, 1994).

Work Overload

According to, Cardenas, Major & Bernas, (2004) work overload is defined as a stressor when the employee feels that they have too many responsibilities or tasks in a defined period (. Overload results from an interaction between the employee and his/her environment. One employee may feel that the workload is reasonable where another may perceive it as over burdening. Work overload is therefore very subjective in nature. Therefore, an overburdening workload will require an increase in time and energy to fulfill the job requirements (Beehr, & Glazer, 2005).

According to Paul Clark-Rayner & Mark Hacourt, from a New Zealand Bank, Research made in the determination of employee turnover of the bank, research used to test various hypotheses that tenure, performance, age, education and remuneration affect, and can therefore be used to predict, employee turnover. For the research, they have developed five hypotheses from previous research on the effects of different factors on employee turnover. The following were the hypothesis:

1. The longer an employee stays with the same organization the less likely he/she will resign.
2. Higher performing employees are less likely to resign than average to lower performing employees.
3. Older employees are less likely to resign than their younger colleagues.

4. More educated employees are less likely to resign than less educated employees.
5. Higher paid employees are less likely to resign than lower paid employees.

Thus the results of the research were as follows:

Tenure

The results support the first hypothesis, the longer the employee stays with the same organization the less likely he/she is to resign. This is consistent with past studies, which have provided evidence of a strong negative relationship between tenure and turnover (Porter and Steers, 1973; Price and Mueller, 1981; Mobley et al., 1979; Lucas et al., 1987; and Kirschenbaum and Weisberg, 1990). This might be because the reasons for staying progressively weaken over time, whereas the reasons for leaving progressively strengthen, but never to the extent that the latter outweigh the former. For example, promotional opportunities may eventually decline as the employee nears the top of the hierarchy. At the same time, the employee may acquire new skills and expertise over time, making the employee more marketable elsewhere and providing more opportunities to leave.

Performance

The findings also support the second hypothesis, higher and average performing employees were less likely to resign than lower performing employees. Also, higher performing employees awarded a bonus in the same year were less likely to resign than lower performing employees, awarded a bonus in neither year. This suggests that good performance is important to job satisfaction and that poor performance is linked to stress and increased 'search' activity for other employment.

Contrary to expectation, high performers were also more likely to leave than competent performers. However, this is consistent with Jackofsky's (1984) claim

that higher performing employees are likelier to leave than average performing employees, because of better job opportunities.

According to Zelalem [2003/04], in the case study of Development Bank of Ethiopia, which indicated that the promotion opportunity in the career structure of the bank is so limited, and lack of transparency in promoting and employee and the management is so reluctant to respond to promotion request of an employee, which induces them to leave the bank. Moreover, the autocratic leadership style and the lack of concern to employee's career development that prevailed in the bank were the other results of the assessment of HRM climate.

Age

The evidences from this research contradict the third hypothesis. It did not identify any strong statistical relationship between the age of employees and their propensity to resign, contrary to the findings of Lucas et al. (1987), Mobley et al. (1979), Porter and Steers (1973), and Werbel and Bedeian (1989). One could argue that some studies of the effects of age have not adequately controlled for tenure and that it is tenure that affects turnover rather than age. However, our results could also reflect a restriction of a range of problems, since the bank has lost virtually all of its older employees after 8 years of restructuring.

Education

This study does not also support the fourth hypothesis. Contrary to expectation, more educated staff at the bank was actually more likely to resign than less educated staff. In contrast, Youngblood et al. (1983: 515) found that “higher educated employees were more likely to stay due to the chance of better

assignments.” One explanation for our findings is that employees with Masters or PhD degrees are generally employed in more specialist roles and are potentially more positive about their relative marketability. Another is that these employees are insufficiently stimulated by bank work, given their high qualifications, and so look for more interesting jobs elsewhere.

Payment

The findings do support the fifth hypothesis. Consistent with past studies (Kirschenbaum and Weisberg, 1990; Lakhani, 1988), higher paid employees at the bank were less likely to resign than lower paid ones. Bonus payments, which are a component of an employee’s compensation, were also found to have a strong negative relationship with turnover, providing further support for this hypothesis. This suggests that, once one control for qualifications, higher paid employees possesses firm-specific skills which are not easily marketable to other firms.

According to Andinet, [2006], even if the existing salary scale of CBE was designed years ago (July 2003), and the Bank should still revise the scale so as not to reach competitors lately but be a strong competitor with other similar organizations. Besides, the corresponding benefit packages should be revised to meet employees’ needs.

Personal Factor

Personal attributes of individual employees play a very important role as to whether they are happy at the job or not. People with generally negative attitudes about life and pessimists always complain about everything including the job.

According to Griffeth, R. W., Hom, P.S., & Gaertner, S.(2000). Finding are also factors specific to the individual that can influence turnover rates. These include both personal and trait-based factors. Personal factors include things such as changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. In addition to these personal factors, there are also trait-based or personality features that are associated with turnover. These traits are some of the same characteristics that predict job performance and counterproductive behaviors such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. These traits can be measured and used in employee screening to identify individuals showing lower probability of turnover.

2.4. FACTOR CONTRIBUTE TO THE REDUCTION OF EMPLOYEE TURNOVER

Job Satisfaction

According to [Erek Riley, 2006] employees who are satisfied with their job are less likely to leave their organization.

Job Satisfaction is a subjective emotional evaluation made consciously or unconsciously by the employee and is defined as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke, 1976, p. 1304). Job satisfaction is multidimensional in nature with specific facets; satisfaction with work, pay, promotion, co-workers, plus a global item for measuring overall job satisfaction (Rice, Gentile & McFarlin, 1991).

Work is such a large part of an employee’s life and is represented by a belief that employees who are more satisfied with their work experiences and environment will stay longer (Spector, 2000), will attend work regularly, and

perform at an optimum level (Porters & Steers, 1973). Job satisfaction is included in this research because of its predictor strength of turnover intentions. Many researchers have shown that high levels of job satisfaction are negatively related to turnover intentions (Koslowsky, 1991), and turnover (Hom and Griffeth 1991). More importantly, three meta-analyses have concluded that there is a distinct link (Carsten and Spector, 1987; Hom and Griffeth, 1991; Steel and Ovalle, 1984).

Organizational Commitment

According to (Meyer et al. 1993), an employee who has a high organizational commitment is willing to bear extra effort on behalf of the organization. Thus, employees with a strong emotional attachment (affective commitment) tend to work harder and therefore are more productive and have a strong emotional desire to remain with the organization (Meyer et al. 1993). In contrast, the employee with strong economical/calculative ties to the organization (continuance commitment) will stay because of the 'side bets' they have invested in the organization. The side bets can be monetary value, a pension plan, specific skills acquired whilst working there or status (Becker, 1960) and would be lost if he/she decides to leave.

Organizational Justice

Issues of justice and fairness are key concerns to employees within an organization. Employees often ascertain whether their contributions to the organization match the rewards, they receive.

According to (Aryee & Chay, 2001), procedural justice refers to the fairness of the processes and procedures used to determine results. Employees trade their knowledge, skills, and abilities and motivation for rewards. The rewards can be tangible, such as income and intangible, such as being treated with respect,

dignity, and fairness. This reciprocal exchange is grounded in social exchange theory (Blau, 1964) and the mutual transaction of benefits to each party shapes the social interactions. It is reasonable to assume that employees are more likely to respond favorably to fair treatment than unfair treatment. Indeed psychological theory states that the importance of fairness is a basic need for the well being and satisfaction of employees (Blau, 1964).

Benefits and Incentive

According to the analysis of Mark Harris, firms that offer more benefits have lower turnover for all industry groups examined. However, the effect of benefits on turnover varies somewhat by industry group. Adding benefits is a more effective way of lowering turnover among firms that have mainly part-time employees in comparison to those with mostly full-time employees. This may be the case because other positive factors such as the pace and nature of work, environmental conditions in the workplace, autonomy and greater levels of supervisory or general societal respect might mitigate the effect of benefits on turnover in predominantly full-time firms.

Even though providing benefits has been shown here to significantly reduce turnover, providing benefits or additional benefits may not be in the best economic interest of any given firm. To illustrate, a firm will not be economically motivated to provide benefits if turnover cost (i.e., cost of recruiting, hiring, training) is lower than benefit cost. It may be in the economic interest of government to encourage the provision of benefits among firms (e.g., tax incentives) if the cost of turnover to government (e.g., job training and placement services) is higher than the cost of facilitating the provision of benefits.

According to Zelalem [2003/04], in the case study of Development Bank Of Ethiopia, the setback founding the compensation pay scheme of the bank is not competitive, there is lack of recognition for individual difference in respect of performance and seniority, and administering pay increase on personal relationships, and there is lack of transparency of pay and incentive plan of the bank.

According to Andinet [2006], Employees turnover at Commercial Bank of Ethiopia Cases and Consequences, the respondent are not satisfied with some of the available incentives and benefits like the way bonus is given, transportation allowance, recreational facilities, salary scale, etc

CHAPTER III

PRESENTATION OF FINDINGS, ANALYSIS AND INTERPRETATION OF DATA

This chapter is concerned with data presentation (that are collected through questionnaires, interview and review of documents), analysis, and interpretation. Two types of questionnaires were prepared and distributed (**Refer Annex**). The first type of questionnaire was distributed to current employees of the bank selected randomly from branches and head office organs that currently assumed clerical, supervisory, and management position. No questionnaire was distributed for non-clerical employees because almost none of non-clerical staffs resigned from the bank during the specified period. A total of 60 questionnaires were distributed and 50 of them were filled and returned.

Another questionnaire was administered to ex-employees of the bank who resigned from the bank for various reasons. Out of the 74 employee resigned from the bank up to July 31, 2012 20 questionnaire was distributed and 14 of them were filled and returned.

We also prepared an in depth interview guide and conducted in depth interview with Manager - Human Resource Department of Lion International Bank S.C.

Table 3: Quantitative findings results of current and ex- employees of the bank

<p>The current employee of the bank are thought to be a source of information in identifying the factors for the turnover as they are the ones who have rich experience in the routine business of the bank</p>	<p>lived in similar environments with ex employees</p>	<p>Shared the challenges and faced the burden on day to day basis. so the current employees experience will be of paramount importance in extracting information related to the turnover of staff in the organization Thus to identify the major causes of employee turnover the opinion of current employee as well as ex employees is considered to be crucial. Thus the findings included both current and ex employees of the bank</p>
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The profile of the respondents with regard to age, sex, marital status, years of service in the bank, qualification, and staff category, is summarized as follows.

3.1.1 Profile of respondents by age and sex

64 respondents 43 (67.2 %) were males & 21(32.8%) were females. The respondents age category i.e. 17 (26.6%) are between age 18-25, 30 (46.9%) are between age 26-30, 11 (17.2%) are between 31-35, 3(4.7%) are between 36-40, 1(1.6%) is between 41-45, 1(1.6%) is between 46-50, and 1(1.6%) is between 51-55. as the table indicates above table shows that from the total 64 respondents 50 were current employees and 14 were ex employees of LIB. Our finding

indicates that majority of the respondent are between the ages of 26-30 and are male which shows the profile of employees in LIB.

Majority of the employees who left the bank were males in the age range of 26-30.

Table 4 Classification of respondents by age and sex

AGE	Current employees		Ex-employees		Total		G. Total
	Male	Female	Male	female	male	female	
18-25	10	4	1	2	11	6	17(26.6%)
26-30	13	10	6	1	19	11	30(46.9%)
31-35	6	3	1	1	7	4	11(17.2%)
36-40	1	0	2	0	3	0	3(4.7%)
41-45	1	0	0	0	1	0	1(1.6%)
46-50	1	0	0	0	1	0	1(1.6%)
51-55	1	0	0	0	1	0	1(1.6%)
Total	33	17	10	4	43 (67.2)	21 (32.8%)	64 (100%)

3.1.2 Profile of respondents by marital status

Among the 64 respondents 18 (28.1%) were married and 46 (71.9%) were single. Majority of our study respondents are single.

3.1.3 Profile of respondents by service year

With regard to the service year of employees 5(7.9%) of the respondents served the bank less than three months, 8(12.5%) of the respondents have served for three to six months, 8(12.5%) of the respondents have served for six to nine months, 20(34.3%) of the respondents have served for one year, 23(36.9%) of the respondents have served for more than one year. Majority of our study respondent's service year in the bank is more than 1 year.

Table 5 Classification of respondents by years of service and marital status

Years of Service	Current Employees		Ex-Employees		Total		G.Total
	Single	Married	Single	Married	Single	Married	
< 3 Month	4	0	1	0	5	0	5(7.8%)
3-6 Month	6	0	2	0	8	0	8(12.5%)
6-9 Month	2	0	5	1	7	1	8(12.5%)
1 Year	10	5	4	1	14	6	20(31.3%)
> 1 Year	12	11	0	0	12	11	23(35.9%)
Total	34	16	12 85.7%	2 14.3%	46 71.9%	18 28.1%	64 (100%)

3.1.4 Profile of respondents by qualification

As to the qualification of the respondents none of them were less than 12th complete, 16 (32%) are diploma holders, 31 (62%) are 1st degree holders, and 3 (6%) is master degree holders. This indicates that the majority of the study respondents in Lion International Bank S.C are qualified with minimum qualification as shown was diploma and further qualification ranging from first degree to second degree.

Amongst ex-employees majority 85.7% of the respondents were single

3.1.5 Profile of respondents by staff category

Analysis on the profile of respondents showed that out of the 64 respondents 7 (14%) were at management positions, 8 (16%) are at supervisory positions, and 35 (70%) are clerical staffs.

Majority of the respondents are clerical staff and 1st degree holders.

Table 6: Classification of respondents by qualification and Staff Category

Qualification	Current Employees			Ex Employees			Grand total
	Manag ement	Super visory	Clerica l	Mana geme nt	Supe rviso ry	Cleri cal	
<10+2/ 12 th Complete	0	0	0	0	0	0	0
Diploma	0	1	15	0	0	5	21
1 st Degree	4	7	20	0	3	4	38
Above 1 st Degree	3	0	0	1	1	0	5
Total	7	8	35	1	4	9	64

3.2 Organizational climate /working condition in the organization

3.2.1 Job description

54.6 % of the respondents indicated that they clearly know their job description when they were hired or transferred to new jobs whereas 43.7 % of respondents didn't clearly know their job description when they were hired or transferred to new job.

In Similar circumstances 80 % of the respondents” and 20% indicated that they have known their job description in their current assignment whereas 20% didn't have any familiarity with their job description. The above finding tells us most of the employees didn't know their job description either at the time of their recruitment or at their present assignment.

3.2.1 Job description

Only 20% of the respondents have excellent communication with the management. However, 48% of the respondents indicated that their communication is fairly good while the rest 16% have poor communication.

On the other hand 48% of respondents have excellent communication with their supervisors. Whereas 40% have fairly good and 12% have poor communication with supervisors.

We also tried to identify the current communication practices of respondents and their peers for which 66% indicated that they have excellent communication, 32% have fairly good communication, and 2% have poor communication.

The above findings clearly show that among the majority of the respondents communication with the management is some what impaired and looks unhealthy.

3.2.3 Managerial support

Researcher tried also to look for the supports to the employees by supervisors when a task related problem occurred.

58% of the respondents have got their supervisors /managers support when they encountered problems in their working area whereas 20% of the respondents didn't get any support at all by supervisors /managers when a problem persists and 22% indicated that they rarely get the support of their supervisors/managers. As it is stated, most of the supervisors/managers are not cooperative to solve the problems encountered by their employees.

At this point Majority of the respondent at LIB indicated that the managers/supervisors are cooperative to solve job related problem.

3.2.4 Team work

Majority 72% of the respondents indicated that their supervisor/manager encouraged teamwork. While among 6% of the respondents supervisors/managers didn't encouraged teamwork at all and in 22% of the respondent supervisors/managers rarely encouraged teamwork. In the concept of synergy, which says, "the whole is greater than the sum of its parts" team spirit is encouraged to be more productive.

3.2.5 Conflict management

Amongst current employees 44% of the respondents indicate that their managers handle conflicts in a good way when it occurs. Whereas 28% of the respondents that their managers cannot handle conflicts constructively and in among 28% of respondents their managers are rarely handle conflicts.

3.2.6 Decision making

48% of the respondents feel that they have a share in decision making, and almost half of respondents don't feel or rarely feel that they have any share in decision-making.

3.2.7 Recognition

54% of the respondents feel that their work is recognized by the bank/supervisor. The other 24% of the respondents say they don't feel their work is recognized and 22% say they feel only rarely about the recognition of their work. As it is observed among 50% of respondents work is either not or rarely recognized.

3.2.8 Access to Information

Significant 64% of respondents indicate that they had problems to get information easily to do their job and it may cause the employees to perform their duties by consuming too much time and it may make them get difficult to do their job.

3.2.9 Unity of Command

57% of the respondents indicated that they know their immediate supervisor when they were in the bank, 36% respondent didn't know their supervisor, and 7% of the respondents say they were uncertain about who was their immediate supervisor. The majority of the respondents were aware of who their immediate supervisor was.

3.2.10 Transparency

Amongst ex-employees of the bank majority 50% of the respondents indicated that they were told about the conditions of work, salary, medical benefit and other incentives during their stay in the bank where as 36% were not told, hence even though majority of the respondents have been informed about conditions of work, medical benefit, salary, and others were explained whereas a significant portion of employees didn't have a clue on this issue

3.2.11. Discussion with supervisors for improvement

Majority 57% of the respondents could not discuss easily with their supervisors when they have suggestion about our work while 36% of the respondents could discuss it easily with their supervisor when they had a suggestion about doing their work. On the other hand 7% of the respondents say they were uncertain

3.2.12. Employees Attitude towards human resource management

Amongst ex-employees of the bank Almost all 93% of the respondents don't think that the bank gives importance and take care of the human resource. None of respondents believed that the bank gives a lot importance and also take care of its employees; where as 7% of the respondents were not sure to believe that the bank gives a lot importance and take care of its employees.

The above figure shows us that the bank didn't give much care for its employees so it may contribute a lot for their separation.

3.2.13 Feeling about the organizational policy on Human Resource

Amongst current employees majority of the respondents 44% labeled the personnel policies of the bank regarding training and promotion as "fairly good" whereas 28% of respondents labeled it as "bad".

On similar instances majority (56%) of the respondents labeled the leadership style of the organization as "good" whereas a significant amount 36% labeled it as "bad"

3.2.14 Job assignment versus qualification and interest

Amongst current employees Majority 66% of the respondents indicated that they are assigned related to their educational qualification while 24% are not completely assigned in relation to their field of study whereas 10% of respondents indicated that they are assigned partly related to their field of study. Similarly, Most of the respondents 68% considered their current job as “interesting” 32% considered that their job is “boring” and are not happy with their job

Practices of CBE also confirmed similar practices of LIB, 75% of respondent not assigned according field of study/qualification. .

3.3 Benefits, Rewards & motivation mechanisms

3.3.1 Rewards and recognitions

Amongst current employees almost half 50% of respondents didn't receive adequate reward for a well done job.

Similarly, almost all 96% of the respondents indicated that they haven't received any thank you letter through out their service life in the bank.

As it can be seen majority of employees indicated that they didn't receive enough training related to their job and haven't been rewarded for the job.

On similar instances concerning their feelings on reward majority of the current employees 52% believe that they are not adequately rewarded for their job while 28% believe that they are adequately rewarded which shows that majority of the employees are not satisfied with the current reward practice of the bank.

3.3.2 Training as motivation

Amongst current employees majority 54% believe that they haven't received training related to their job or rarely receive 26%, where as some received job related training.

3.3.3 Salary scale and benefit package

Amongst current employees of the bank majority 40% of them do not feel that their salary is fair as compared to similar organizations. The other significant portion of respondents 38% indicated as the salary scale "somewhat fair" only few believe that their salary scale is extremely fair as compared to others. Majority of the respondents 40% are not really happy with the salary scale of the organization.

With regard to the benefit package practice of the bank Majority of the respondents 90% are dissatisfied with the education (90%), bonus (90%), emergency staff loan (82%) and transportation allowance (74%) benefits provided.

Most of the employees are satisfied with the medical (66%), health and life insurance (70%) benefit packages.

This indicates that the benefit package of the bank is doesn't satisfy the need of the employees.

Table 7 Employee Incentive and Benefit

Incentives and	Satisfied	Dissatisfied	Not applicable	* NA
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Benefits?					to my position		
	#	%	#	%	#	%	%
Education			45	90			10
Bonus			45	90			10
Medical Benefit	33	66	17	34			
Fuel allowance	5	10	8	16	37	74	
Health & life Insurance	35	70	10	20	5	10	
Emergency staff Loans	7	14	41	82	2	4	
Position allowance	4	8	17	34	29	58	
Transportation allowance	13	26	37	74			
Cash indemnity	6	12	10	20	34	68	

* NA (Non Applicable)

3.3.4 Workload versus compensation

Amongst current employees majority 86% of the respondents feel that compensation is not adequate as compared to the workload and responsibility while 14% believe compensation is adequate to the responsibility and workload.

3.4 Separations from LIB

3.4.1 Reasons for leaving LIB

Amongst Ex-employees majority of the respondents indicate that the major reason for leaving LIB was insufficient salary 50%, amongst 36% poor fringe benefit, amongst 14% lack of training opportunity Respondents listed some other additional minor reasons for their separation.

Similarly amongst current employee's of the bank majority of respondents 58% indicated that they have an intention to leave the bank another significant number of employees 34% are indifferent to it Despite the fact that more than half of the respondents show their intention to leave the bank, there are few respondents who don't want to leave the bank.

Respondents list the following reasons for their intention to leave the bank:

- ✚ To get better benefit in terms of salary and other incentives
- ✚ No job satisfaction and the job is not challenging
- ✚ Job is boring and doesn't require creativity
- ✚ No payment for education
- ✚ To explore more potential and to upgrade
- ✚ Management of the bank are not attractive enough
- ✚
- ✚ Promotion and training opportunities are not fairly administered
- ✚ Delay in decision making
- ✚ Non recognition of individual achievements and reward its employees
- ✚ Non willingness to accept constructive comments from the management and supervisors side positively
- ✚ Poor care for employees
- ✚
- ✚ The work doesn't require any creative thinking and is redundant one

Table 8 Reason for living LIB

Most important reason for your leaving the bank	Reasons	Ex -employees	
		#	%
	Insufficient salary	7	50%
	Poor fringe benefit	5	36%
	Lack of Training Opportunity	2	14%
	Total	14	100%
Intention to leave the bank?	Response	Current employees	
		#	%
	Yes	29	58%
	No	4	8%
	Indifferent	17	34%
	Total	50	100%

3.5. Findings of the qualitative section of the study

This section focuses on the qualitative finding regarding the policy and other related issues that the bank deals to solve the problem of employee turnover in LIB. The finding was extracted from the interview conducted with the human resource department and human resource officers of LIB.

Generally, the interview focused (Refer Annex) was about assessing the Human Resource department policy or stand towards labor turnover.

3.5.1 Working environment

As to the suitability of the bank environment in transferring expertise/skill in their assigned job, the bank had no hard and fast rule but this depended on the type of managers. Some managers are cooperative and encourage their employee and expose employees to different circumstances to use their skill and effort in

contrary some managers are rigid and bureaucrat and doesn't allow experience sharing. With regard to these the human resource department tried to prepare a forum for employee and manager to create team spirit, sharing of experience, and skill between employee and managers to smooth the working relationship but most of the employee did not take part for various reason.

3.5.2 Employee turnover rate at LIB

We also tried to identify the employee turnover rate for the last six years by classifying it based of sex, working area, and reasons for their separation. The record office of the bank furnished us with the relevant data related to turnover and the information are summarized and presented below.

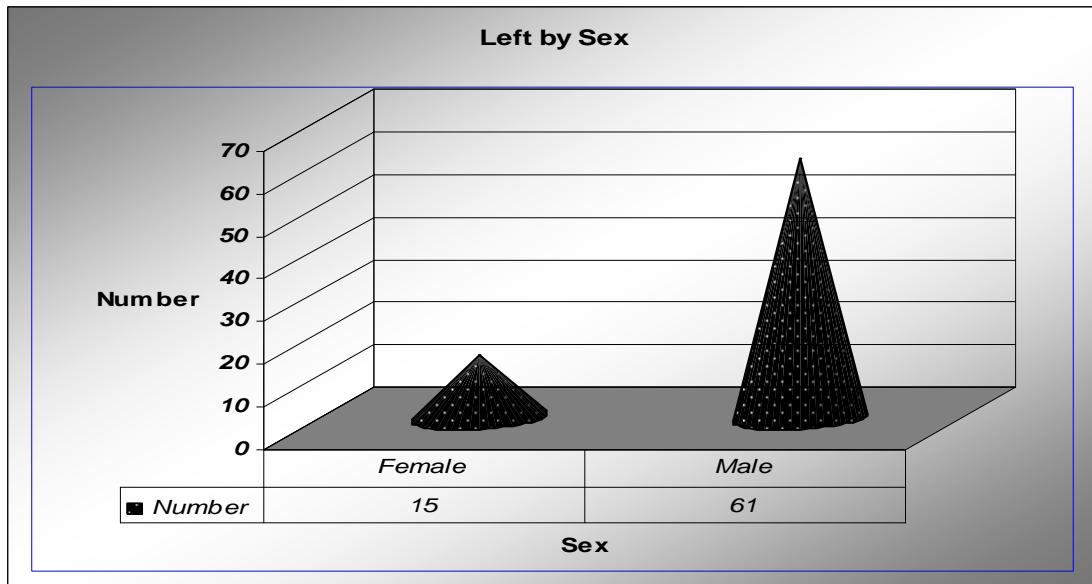


Chart 1 Employee separated from LIB by sex

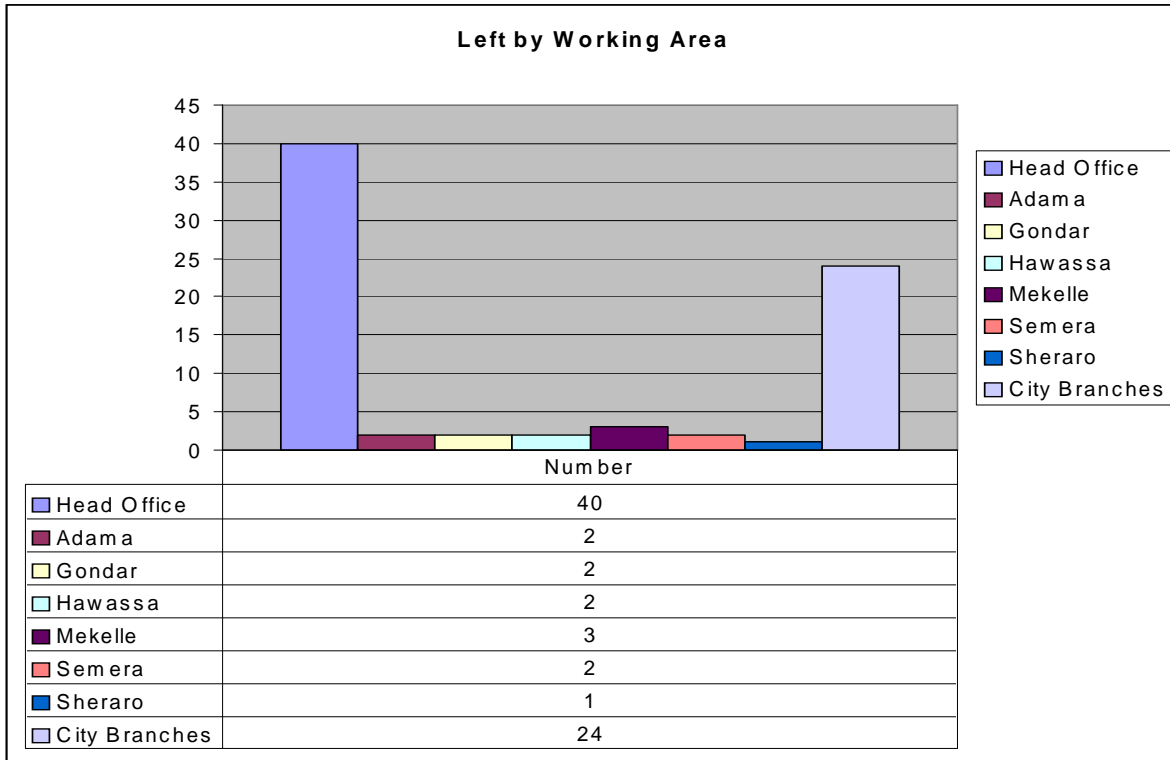


Chart 2 Employee separated from LIB by their respective working area

As it can be seen in the above graph a large numbers of employees left the bank from head office and city branches as compared to outlying branches.

3.5.3 Policy in relation to turnover

With Regard to the existence of policy on employee turnover we have understood that there is no standard/policy about employee turnover but the HR manual states that the HR personnel has to conduct exit interview when employees leave the bank.

3.5.4 Cost of employee turnover

As to the cost of employee turn over the bank had never calculated it rather simply calculates the labor turnover index after getting the number of employed

persons in each of the last six years. The number of employees recruited for the last six years is also obtained from the bank.

This does not distinguish the cases where people left because they were dissatisfied, from cases where people left because of ill health or where they retired, or where they were made redundant. Yet measurement of turnover needs to be sophisticated enough to enable those responsible for resource planning to identify various categories of leavers (Worthington 1992: 278; Forbes and McGill 1985: 11-12). This is because any single-figure measure of turnover will be inadequate in so far as it treats all those who leave as a homogenous group.

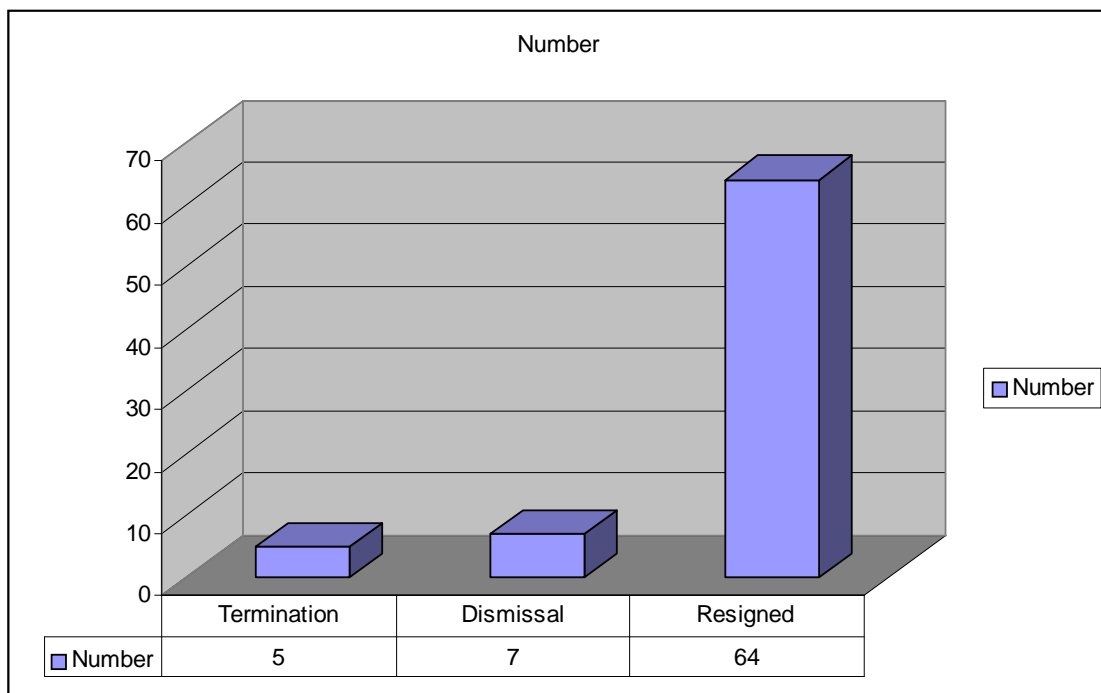


Chart 3 Employees turnover magnitude and the reasons for separation

As it is seen in the above graph, which shows number of separated employees with respect to the reasons for separation, the numbers of employees who voluntarily resigned the bank is significantly higher as compared to other reasons. So it is an indicator that the bank’s voluntary labor turnover is

increasing from time to time and it may tend to increase in the future if due attention is not given and appropriate measures not being taken.

3.5.5 Employee treatment during separation

Concerning the practice of the bank in conducting exit interview when an employee departs from the bank, the bank conducts exit interview for all employees separated from the bank. The bank tried to use this information for future consumption like making decision in determining manpower requirement and recruitment. However, we could not get and assess such document, which contain the exit interview, which will provide us with the specific reason of each departure.

3.5.6 Impact of employee turnover

We tried to find out the practice of the bank whether analysis was done about the time and the cost of recruitment. The bank begin its recruitment process after it consolidates the manpower requirements of each branch/organ so it is difficult to determine the time it takes to get the new employee and also it is difficult to know the real cost expenditure of recruiting new employees. However, the entrance exam fee and the advertising cost were calculated. The bank also conducts entrance interview for the new recruits before they joined the bank by a committee and the bank didn't analyze and calculate the cost of the interview conducted.

The employee turnover has great impact in the bank day to day activities and in the over all development of the bank.

3.5.7 Solutions regarding employee turnover

The management of the bank is really concerned about the issue and trying to solve this crisis by employing 26 additional junior bank clerks who has been given training and work in all the departments and branches, who will be

shifting to any department or branch when needed .If any employee resigns this bank clerks will immediately replace that person until a person who replaces will be recruited and takes over which reduces the additional work load to employees in the department efficiency will not be affected .

3.6 Analysis of findings

3.6.1 Age and turnover

Findings of the study indicate that majority of the staff who left the bank were male and their age is 26-30.

Studies done at New Zeland bank by Porter and Steers (1973) identified a strong, negative relationship between age and turnover in their early review of turnover studies. Mobley et al.'s (1979: 493) review of later studies also indicates that "age...is consistently and negatively related to turnover." Similarly, Cotton and Tuttle's (1986) meta-analysis findings show that turnover declines with age. However, in a more recent meta-analysis, Healy, Lehman and McDaniel (1995) found no statistically significant relationship between age and turnover.

Studies of CBE and DBE didn't correlate age and sex of employees with turnover even though sex and age of employees who left the bank at different time fits the same sex and age category with LIB.

3.6.2 Service year and turnover

With regard to marital status majority of the staff who left the bank were single with a service year ranging 6-9 months as majority of the study respondents were also single with the age range 6-9 months it is difficult to associate that there is association between marital status and turnover as well as service year and turnover.

Studies conducted at New Zealand bank with the hypothesis that the longer an employee stays with the same organization the less likely he/she will resign. Youngblood, Mobley, and Meglino (1983) argue that higher turnover among newer employees reflects the incongruities between expectations of work roles and the organization before joining and experiences of work roles and the organization after joining. These incongruities subsequently produce lower job satisfaction, make outside jobs and organizations appear more attractive, and thereby encourage the employee to leave.

In their early review of tenure studies, Porter and Steers (1973: 165) found that increased tenure “appeared to strengthen the propensity for employees to remain.” The Mobley, Griffeth, Hand and Meglino (1979: 493) review of significant research after the earlier Porter and Steers (1973) review confirmed that tenure is consistently and negatively related to turnover. Similarly, Cotton and Tuttle’s (1986) later meta-analysis of turnover studies produced strong evidence of a negative relationship between tenure and turnover. More recent studies (see for example, Lucas, Parasuraman, Davis and Enis, 1987; Kirschenbaum and Weisberg, 1990) have generally supported this earlier research.

3.6.3 Level of education and turnover

With regard to level of education majority of our study respondents were first degree holders and amongst staff who resigned from the bank majority of them were also first degrees holders.

Studies done at New Zealand Bank, more educated staff at the bank was actually more likely to resign than less educated staff in contrary according to Youngblood et al. (1983:515) “higher educated employees were more likely to stay due to the chance of better assignment and position.

Our study is inconclusive to confirm either of the hypotheses and further study should have been done to find association between level of education and turnover.

3.6.4 Working environment and turnover

Working environment in the bank is the most important and crucial factor in motivating and retaining the staff one of the important component of working environment is communication.

Good communication will enable the bank to retain its current employees since employees will feel the management have belongingness for them or they feel that they are part of the organization and will devote their effort towards the achievement of the bank's objective. However, our findings show that still a significant percentage of staffs have poor communication with the management and supervisors which shows the communication of respondents with the management is some what unhealthy and will inform the bank to keep and design ways to strengthen the communication/relationship of employees with the management since doing so will enable the bank to provide effective and efficient service which is one of its objectives.

3.6.4.1 Managerial support

The other component of working environment is managerial support of employees and one of the listed factor for intention to leave the bank was the management of the bank are not attractive enough to work with them as one staff stated "management and staff relation is not healthy" The other point worth mentioning with regard to the working environment as stated by the employees is that most supervisory staffs are not cooperative when a problem exists; they are fault finders.

In a similar study at Gonzo Bank and Cornerstone Advisors, noted out that Management is the biggest variable in turnover. Banking may not be full of jerks, but it is full of people in management jobs that are lacking in the art of management.

As Compare to CBE and DBE, in both cases majority of the respondent indicated the management doesn't care about the employee this also the major effect on employee turnover.

3.6.5 Major reasons for turnover

In general during the study we have found our several reasons that caused and will cause the employees to leave the bank. And all the listed reasons can be classified into two major categories.

These categories are

1. Reasons related to the working environment including management and administration
2. Reasons related to benefits, salary, bonus fringe and other rewards.

Findings revealed that amongst ex-employees who left the bank the major reason for their separation was labelled as insufficient salary and the second major reason was poor fringe benefit.

But as to the New Zealand bank the research indicated that higher paid employees are less likely to resign than lower paid employees. Human capital theorists posit that firms pay skilled employees more than their unskilled counterparts, because skilled employees have higher marginal productivity (Becker, 1975).

On the contrary the experience of Bangladesh banking sector, found out that the majority of employees perceived that the most important reason for separation from the sector is lack of appreciation and non recognition. So, organizations can improve in this area, regardless of the external labor market. [BRAC University Journal, vol. IV, no. 2, 2007, pp. 67-74]

3.6.6. Job assignment to the field of study and turnover

According to our study job assignment in relation to the field of study is not a major problem even though some of the employees 24% were assigned to their

field of the study and it was not considered as a major reason for turnover whereas Findings of Gonzo Bank revealed that, assignment of employee with related field of study is directly related with turnover. When a right person is assigned at the right position increase productivity and performance has significantly increased

Table 9 Reasons for employee turnover

Reasons related with benefits	Reasons related with management
<ul style="list-style-type: none"> ✚ To get better benefit in terms of salary and other incentives ✚ The bank doesn't pay my education fee I will leave 	<ul style="list-style-type: none"> ✚ Poor working environment ✚ Promotion and training opportunities are not fairly administered ✚ Most supervisory staffs are not cooperative when a problem exists; ✚ No job satisfaction and the job is not challenging ✚ Job is boring and doesn't require creativity ✚ Working in bank has risks such as arrest (if your colleague cheat money and disappeared ✚ The bank doesn't care for its employees ✚ Management is not reliable and employees don't feel secured ✚ The work nature of the bank is routine and it doesn't attract me ✚ Mal-administration ✚ Working in bank make me to loose my talent, confidence, and knowledge ✚ Working in bank has risks such as arrest (if your colleague cheat money and disappeared)

CHAPTER IV

CONCLUSION AND RECOMMENDATION

4.1. CONCLUSION

Survival of any organization is influenced by its ability to attract individuals and retain them through out the service delivery or implementation. An organization that losses its ability to attract new members and retain them will eventually disintegrates and disappears. So turnover has become a major concern for organizations today with labor shortages and competitive pressures making retention of key employees as a strategic issue.

Lion International Bank S.C is one of the few financial institutions in Ethiopia where high turnover rate is observed. The turnover rate, particularly among the most competent personnel with the highest potential for advancement, would pose to a serious problem in the long - run development of the bank.

This study assessed the attitudes of current employees and most employees were found to be not satisfied with the current personnel and administrative policies of the bank , their relation with supervisors and managers, the leadership style of the bank and their immediate supervisors as well as the working condition and the reward system of the bank.

Consequently, significant percentage of employees who are currently working in the bank showed their intention to leave unless appropriate actions are undertaken by the bank and the above mentioned dissatisfiers are being solved or minimized.

This study also identified the reasons for the turnover in LIB. According to our study the major reason for employee separation was labeled as insufficient salary and the second major reason was poor fringe benefit. There are also a number of

factors that the employees listed as reasons for their separation which are mostly related with the bank working environment and management of the bank.

The study also tried to look for the cost of employee turn over but it was found out that it had never been calculated by the HR of the bank. The cost of the bank to replace new employee in the place of ones who left the bank was also not calculated and documented.

Regarding the impact of employee turnover the study also addressed this issue but we understood that the bank recognized the problem had never been concerned in alleviating the impacts of the turnover, but due to arising employee turnover the bank started taking temporary measures by employing excess mobile staffs who replaces separating employees.

4.2. RECOMMENDATION

In this section, the researchers tried to recommend solution based on the data analyzed in the previous chapter. As observed in the analysis part, Lion International Bank S.C has shown its both strong and weak sides in relation to labor turnover. Recommendation will be given for those weak sides of the bank observed when the data was analyzed.

✚ Most of the LIB's supervisors/managers are not good enough in handling the human relation and most current employees of the bank are not pleased of them. So the bank should assign supervisors\managers after assessing their education and training, experience, performance, qualification for promotion and potential for greater responsibility

In addition the management must be able to monitor continuously these characteristics of its supervisors at each level, in order to ensure that their quality is not only being maintained but also improved.

- ✚ Most employees of the bank are not pleased of the current reward system so the bank should maintain wage and salary levels sufficient to recruit, retain, and motivate staff at all levels of management similar to other firms in the industry.
- ✚ The current communication between employees and their supervisors/manager are some what unhealthy. So the bank should design and provide adequate and transparent communication systems between management and other employees and between departments and functions.
- ✚ The bank should prepare a job description to all jobholders which will enable each jobholder to know what is expected from him/ her and act accordingly.
- ✚ Most employees of the bank revealed that they don't have participation in decision-making concerning their work so the bank should give full autonomy (if possible) or allow the participation of employees in decision making.
- ✚ A systematic and integrated approach to the planning and utilization of the bank's human resources should be developed. This will enable the bank to solve shortage of human power in each working area of the bank, which comes as a result of turnover.
- ✚ The bank should regularly provide training and development programs for all levels of employees. This program should be based up on a detailed survey, which will help to identify the banks training needs.
- ✚ The bank should design different motivating mechanisms (monetary or non-monetary) which will help the bank to retain its productive employees. The bank should also analyze and redesign jobs as most employees are currently bored with their jobs.
- ✚ The bank should assess its personnel and administrative policies and take corrective action for them. The bank should also assign employees on the basis of their qualification and experience, which will help the bank to effectively utilize its employees.
- ✚ The HR department of the bank should conduct exit – interview before employees separate. This will help the bank to analyze factors like the

specific reasons that caused them to leave, in which area the turnover rate is high, the age group (service year) where high turnover is observed which ultimately help the bank to analyze those facts and take corrective actions.

- ✚ The bank should be aware and take cares of its human resources and should show it practically for its employees. In order to induce a sense of belonging ness to the employees, management should come closer and more transparent
- ✚ The findings of this study provide information that will be useful to HRM, personnel researchers, and researchers that study similar topic.
- ✚ These results will have implications for future research, employees, and organisational management.
- ✚ Future research could examine the relation between turn over and age, marital states and sex and also the impact of turn over cost on the organization.

Above all this research may give an insight about labor turnover in Lion International Bank S.C. We also recommend the bank to make an extensive research on labor turnover.

APPENDIX

Interview questions

The following interview questions are answered by the members of management and non-management groups.

1. Is there employee turnover in the Lion International Bank?
2. What are the main reasons for resignation of employees from the Lion International Bank?
3. What actions are taken to reduce employees' turnover?
4. What is the attitude of employees and management towards the rules and regulations of the organization?
5. What are the management criteria to give training programs to the employees?
6. Does the management apply fair promotion and transfer of employees in the organization?

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SAINT MARY'S UNIVERSITY COLLEGE
DEPARTMENT OF MANAGEMENT

**Questionnaire No 1 Designed for current employees of
the Bank**

Hello, this is a research questionnaire on Employee turn over by Lion International S.C. The objective of this study is to asses the practice of employee turnover in LIB. Your cooperation and willingness for filling this questionnaire is helpful in identifying the problem related to the subject matter. Please note that your name will not be written in this form. All information that you give will be kept strictly confidential. Your participation is voluntary and you are not obliged to answer any question you do not want to answer.

Profile of the respondents

1. Sex

Female Male

2. Age

18-25 26-30 31-35 36-40
41-45 46-50 >51

3. Marital Status

Single Married

4. Service Years

<3 Month 3- 6 month 6-9 month
1 Year > 1 year

5. Qualification

< 10⁺/12 Complete 10⁺/12 Complete
Diploma 1st Degree Above 1st Degree

6. Staff Category
Management Supervisor
Clerical Non clerical

Organizational climate questionnaire

7. Have you cleared about your job description when you were hired in the bank / transfer to new job?

Yes No

8. Do you clearly know your job description at present?

Yes No

9. Communication between you and the management is

Excellent Fairly good Poor

10. Communication between you and your immediate supervisor is:

Excellent Fairly good Poor

11. Communication between you and peers is

Excellent Fairly good Poor

12. Is your supervisor / manager supports you when you have encountered job-related problem?

Yes No Rarely

13. Does your supervisor / manager encouraged teamwork?

Yes No Rarely

14. Does your supervisor / manager handle conflicts constructively if occurs?

Yes No Rarely

15. Have you a share in decision-making concerning your job?

Yes No Rarely

16. Do you feel that your work is recognized by the bank / your supervisor?

Yes No Rarely

17. Have you got enough training related to your job?

Yes No Rarely

18. Do you feel that you are adequately rewarded for your job?

Yes No Partly

19. How many thank You letters have you received in your entire service in the bank?

None One Two Four

20. How do you feel about the leadership style of:

Excellent Very good

Fairly good Bad

21. How do you feel about the bank's:

Excellent Very good

Fairly good Bad

22. Are you currently assigned related to your field of study / educational qualification?

Yes No Partly

23. How do you feel about your current job?

Very Interesting Fairly Interesting

Boring

24. Is your pay cover all your expense

Yes No

25. Are you satisfied with the following incentives and benefits

Bonus

Education Opportunity Satisfied Dissatisfied Not applicable to
& Fee my position

Medical Benefit

Fuel allowance

Health & life

Insurance

Emergency staff Loans

Position allowance

Transportation

allowance

Cash indemnity

26.

27. Do you have any intention to leave the bank?

Yes No Indifferent

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DEPARTMENT OF MANAGEMENT

**Questionnaire No 2 Designed for Ex-employees of the
Bank**

Hello, this is a research questionnaire on Employee turn over by Lion International S.C. The objective of this study is to asses the practice of employee turnover in LIB. Your cooperation and willingness for filling this questionnaire is helpful in identifying the problem related to the subject matter. Please note that your name will not be written in this form. All information that you give will be kept strictly confidential. Your participation is voluntary and you are not obliged to answer any question you do not want to answer.

Profile of the respondents

1. Sex

Female Male

2. Age

18-25 26-30 31-35 36-40
41-45 46-50 >51

3. Marital Status

Single Married

4. Service Years

<3 Month 3- 6 month 6-9 month
1 Year > 1 year

5. Qualification

10⁺² 12 Complete
1st Degree Above 1st Degree

6. Staff Category
Management Supervisor
Clerical Non clerical

Questions related to their stay in the bank

7. When you were first employed at Lion International Bank, were the duties and responsibilities of your job clearly explained to you?

Yes No Uncertain

8. Were the conditions of work, salary, medical benefit, training opportunity, hours of work, etc. clearly explained to you?

Yes No Uncertain

9. Did you know who was your immediate supervisor-the person to whom you reported and from whom you were to receive instructions?

Yes No Uncertain

10. When you needed information to do your job, were you able to get it easily, usually?

Yes No Uncertain

11. When you had a suggestion about doing your work, could you discuss it easily with your supervisor?

Yes No Uncertain

12. Do you think you had workload and responsibility more than compensation you were earning?

Yes No Uncertain

13. Could anything have been done to prevent your leaving?

Yes No Uncertain

14. Have you secured another job?

Yes No

15. Do you think the bank gives a lot importance to and take care of its human resource?

Yes No Uncertain

16. Can the bank retain its employees using some motivating tools?

Yes No Uncertain

17. Frankly, what was the real (most important) reason for your leaving the bank?

Insufficient Salary Poor fringe benefit

Lack of Training Opportunity

Other _____
