FACTORS AFFECTING EMPLOYEE TURNOVER INTENTION IN DEVELOPMENT BANK OF ETHIOPIA

BY
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ETHIOPIA
FACTORS AFFECTING EMPLOYEE TURNOVER INTENTION IN DEVELOPMENT BANK OF ETHIOPIA

A THESIS SUBMITTED TO ST.MARY’S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

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Declaration

I, the undersigned, declare that this research paper is my original work, prepared under the guidance and supervision of my advisor Abrarawu Chane (Phd.). All sources of materials used for the thesis have been duly acknowledge .i further confirm that the thesis has not submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Henok Tilahun

St. Mary’s University, Addis Ababa

June, 2018
Endorsement

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

_________________________                               ______________________
Advisor                                                                    Signature

St. Mary’s University, Addis Ababa                                     June, 2018

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Acknowledgements

First and foremost, I would like to express my highest gratitude to GOD for the blessing, love, opportunity, health and mercy for me to complete this thesis. In this valuable chance, I personally would like to express my gratitude and appreciation to my advisor Abrarawu Chane (Phd.) for his motivation, advice, support, and even remark that he had contributed towards the completion of my paper. My special appreciation and heartily thankful to my wife, Biscut Tefferi, for her support, insightful suggestions, and endless patience from the beginning of my paper towards the end.

Lastly, I offer my regards and appreciation to all of those who supported me in any respect during the completion of the project.

May GOD always bless us.
Acronyms

DBE- Development Bank of Ethiopia

SD- standard Deviation

SPSS-Statistical Package for Social Sciences
Abstract

The purpose of this study is to identify factors contributing towards turnover intention in existing employees of Development bank of Ethiopia. The turnover intention can be measured in the aspect of personal factor, social and economic factor, job stress, working environment, compensation salary Employee relationship with management and career growth. Primary data were collected through the use of questionnaire to the bank employees. Around 264 questionnaires were distributed and almost all questionnaires were successfully collected from the respondents. All the data was gathered from the respondents were analyzed using Statistical Package for Social Science (SPSS) versions 20.0. Descriptive analysis technique is used to identify the background of respondents in the aspect of age, gender, marital status, years of experience, and qualification. The result of the study shows that there is a high dissatisfaction with working environment and employee relationship with management compared to other variables such as job stress, compensation salary and career growth. This study has played an important role to identify variables or factors contributing towards employees’ turnover intention in Development bank of Ethiopia and also identified few steps to reduce the problem of turnover intention.

Key words

Employee Turnover, Turnover intention
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CHAPTER ONE
INTRODUCTION

1. Background of the study

Employees are great assets for any service giving company in this world. Especially in a banking sector it is impossible to meet company’s objective without retaining employees. In this context, it is important to cite Andrew Carnegie, the famous industrialist of the 19th century, who mentioned: “Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key employees, and in two or three years, I will have them all again” (Alkahtani, 2015).

The attraction and retention of high-quality employees is more important today than ever before. A number of trends (globalization, increase in knowledge of the workers, accelerating rate of technological advancement) make it vital that firms acquire and retain human capital. In human resources context, turnover can be viewed as the rate at which an employer gains and misplaces employees or how long employees tend to stay in a particular organization (Turner, 2010).

According to (Alkahtani, 2015), there are a number of reasons why turnover takes place. These reasons may range from external environmental variables such as economy that affects the business that in turn shapes the employment levels to organizational factors including types of industry, types of occupation, size of organization, payment, supervisory levels, locations, selection processes, work environment, work assignments, benefits, and promotions. The other variables that affect employee turnover in organizations involve the individual’s work variables such as, integrative variables like job satisfaction, pay, promotion and working condition and the individual’s non-working factors such as family related factors.

In addition, demographic variables cannot be disregarded. Age, tenure, level of education, level of income, job category, and gender have been proven to affect employee retention and have been discovered to have established relationship with turnover. Among the above demographic factors, age, tenure and income level were discovered to be negatively associated with turnover;
Level of education is positively related to turnover as employees with higher education levels have higher tendency to quit. With regard to job category, non-managerial employees have higher tendency to quit than managerial employees.

Furthermore, turnover of any company’s employees (especially key employees) comes with a considerable yet underestimated cost. There are two kinds of costs associated with turnover, visible and invisible costs.

- **Visible turnover costs** include leave capitalization, recruitment costs, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses.

- **Invisible turnover costs** involve enlarged HR and payroll administration, loss of productivity, and informal training. Other hidden costs comprise missed deadlines, loss of organizational knowledge, low motivation as a result of overwork, loss of clients and chain reaction turnover. Another turnover consequence for the organization is its impact on employee-customer relationships. Normally, long-tenured employees develop personal relationships with customers. These relationships are the basis for a re-enforcing cycle of beneficial interactions between employees and customers.

  Staff retention thus has a positive effect on good customer relationship and ultimately profitability.

  A further result of staff turnover is on those who remain with the company. Losing good employees is also costly in terms of the impact it has on company morale. Those that remain may often feel demotivated or disheartened, ensuing in a reduction in productivity and job-satisfaction. (Alkahtani, 2015).

In this study the researcher tried to address the issue of the current turnover intention challenge. I.e. Development Bank of Ethiopia is losing its employees Due to the high expansion of banks throughout the country; there is high demand in the market for those who have abundant skill. The need of employees for better pay off also contributes for such challenges. This paper was conducted in development bank of Ethiopia to investigate on the factors that affect employee turnover intention.
2. **Statement of the Problem**

Labor turnover is threat to many organizations. Today, it has become a very serious issue for any organization due to its negative effects on operation and performance of organizations. Therefore labor turnover needs to be controlled basing to its malfunction cause factors. (Bangi, 2014).

Development Bank of Ethiopia is faced with a high rate of staff turnover each year and this leads to poor employee performance which in turn has impact on organizational effectiveness. When an employee leaves the organization the present employees have to fill the gap until a new employee is appointed. Moreover, the bank spends lot of money on the recruitment and training of new staff members each year due to high turnover rates.

A number of factors could contribute to the bank’s high employee turnover rate. To mention a few, personal factors, social and economic factors, job stress, organization and work factors, employee relationship with management, career Growth, and Compensation (salary), Therefore this study was motivated by these factors to find out the reasons for employee turnover in the bank.

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Number of joiners</th>
<th>Number of leavers</th>
<th>In percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>142</td>
<td>38</td>
<td>27%</td>
</tr>
<tr>
<td>2015</td>
<td>125</td>
<td>43</td>
<td>34%</td>
</tr>
<tr>
<td>2016</td>
<td>187</td>
<td>65</td>
<td>34%</td>
</tr>
</tbody>
</table>

**Source:** Development Bank of Ethiopia, Joiners Movers Leavers report (2016)
3. Basic Questions

1. Do organizational and work-related factors influence employee turnover intention?
2. Do social and economic factors influence employee turnover intention?
3. Do personal factors influence employee turnover intention?
4. Does career growth factors influence employee turnover intention?
5. Does job stress factor influence employee turnover intention?
6. Does employee relationship with management influence employee turnover intention?
7. Do salary (compensation) factors influence employee turnover intention?

4. Objectives of the Study

- To find out the various variables affecting employee turnover intention in the bank.
- To measure the impact of various independent variables (major determinants) on employee turnover intention in the bank.

5. Significance of the Study

The results and findings of this research through the designated questionnaire will have the following significance;

- The study will help the management of the bank to see the major area that’s causing turnover intention in the organization and make appropriate decision to address the problems.
- The study will create insights to the readers on the factors that affect employee turnover intention in the bank
- It would ease future researchers to identify in detail the employees’ perspective on turnover intention.
- It will help improve the benefits and welfare of the bank and hence further supports the banking industry to revitalize their retention program.
6. Scope of the Study (delimitation)

Even though Development Bank of Ethiopia has many branches, the research has only been conducted on the head office of the bank considering majority of the employees are located there. Moreover, due to time and cost constraint, the research only covers voluntary turnover rather than involuntary turnover.

7. Limitations

- The assumptions of this study are based on the truthful responses of the participants to the survey questions, as well as the accuracy of the information provided.

8. Definition of term

For clarity and understanding throughout this study the following term is defined.

**Employee turnover**: this term is used to describe the ending of a relationship between an organization and a person who received monetary compensation from the organization.

**Turnover intention**: Turnover intention is defined as "a conscious and deliberate willingness to leave the organization".
CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Empirical review

According to (Huselid, 1995), prior work has observed the determinants of both individual employees’ departures and collective organizational turnover, although most of the previous work has focused on the former. For example, perception of organizational culture, perception of job security, the occurrence of a union, compensation level, job satisfaction, organizational tenure, demographic variables such as age, gender, education, organizational commitment, whether a job meets an individual’s expectation or not were all predictive of employees’ turnover. Studying about factors affecting rate of turnover of MPOs (Medical promotion officer) Tanuir, Shahind (2012) established that most of the employees are not satisfied with their jobs and not motivated and for this turnover tendency is high. The MPOs are dissatisfied with their job security, social status, work load, visit to retailers’ shop, sales target, no room for family, not getting the retirement benefit and not getting the family insurance support.

A study by Asimah (2001) shows 70.8% of the respondents said they were not satisfied with their present motivation packages. Respondents strongly agreed that good manager-employee relationship can cause core employee to be retained. About 81.2% of the respondents were not satisfied with the mode of selection for training and development and has led to feeling of inequity, de-motivation and labor turnover.

When looking at the study made by Asmamaw (2011) at MOFED, management of the organization is not committed to provide everything that employees’ need for work. The study shows that unattractive financial issues, poor management regarding performance based promotion, unsatisfying terminal and pension benefits and problem of the management in providing clear path for employees to advance their career where highlighted as major factors affecting employees’ turnover in the company. Given all the problems, employees stayed in the organization because they do not have other alternative job and they clearly identify a mismatch between the positions they hold and the skill and knowledge they have. Most employees of the
organization have no sense of belongingness to the organization so interpersonal relationship is not healthy. Disciplinary measures of the organization are not properly laid-dawn. Supervision of employees has not arranged flexible working condition. As the Ex-employees gained nothing while they were in MOFED and most ex-employees believe in conducive working environment of the organization. Thus most Ex-employees left the organization because of low salary scale and other benefit packages.

2.2 Theoretical review

2.2.1 Definitions of Turnover

Filipe F & Luis Borges (2012) defined turnover as the rotation of workers around the labor markets; between firms, jobs and occupations; and between the states of employment. According to Robbins (2003) turnover refers to the voluntary and involuntary permanent withdrawal from an organization. Rion (2009) also defined employee turnover as a ratio comparison of the number of employees an organization must replace in a given time period to average number of total employees. Moreover employee turnover does not only include the voluntary termination of employment but also the involuntary termination of membership of an organization. The researcher focused on voluntary turnover.

2.2.1.1 Voluntary and involuntary employee turnover

(Pietersen, 2014) Human capital has more mobility than any other asset. An organization will only be able to sustain a competitive advantage if it manages employee mobility effectively. Unfortunately, employee mobility cannot always be controlled by an organization. In this regards employee turnover – (the voluntary or involuntary movement employees in an out of work organizations) - is of key importance in talent management. It is therefore not surprising that the management of employee turnover (voluntary as well as involuntary turnover) continues to be a central concern in the management literature. It is a key concern for both profit and non-profit organizations.
**Voluntary employee turnover** occurs when an employee leaves the organization with his own will (due to job satisfaction, bad working condition etc.) when a better job opportunity presents itself. It is true that high level of voluntary turnover is to be negative for the organizational development. Some Scholars have identified that the major factors for voluntary turnover is job satisfaction.

Voluntary turnover occurs when employees choose to leave his/her organization for whatever reason at his /her own will (Dess and Shaw, 2001:446). If employees become dissatisfied with their job, they can be motivated to search for another organization with better situation. The labor market is also another factor for voluntary turnover to motivate employees and to find alternative employment opportunities. If the labor market situation is not favorable, however, even if they are dissatisfied with their jobs, they remain until another job is available (Meshane and Glinow, 2000).

Voluntary turnover is initiated by an employee and involuntary turnover by an employer. Involuntary turnover also result from uncontrollable factors such as death and ill health. Functional voluntary and involuntary turnover could benefit an organization. For example employee turnover at subordinate organizational levels could be beneficial to banks because advances in technology continue to reduce the need for lower level skills in the banking sector. On the other hand, the need for non-manual, intermediate and high level skills as well as value-adding competencies such as autonomy and discretion are on the rise in the banking sector. Therefore, both voluntary and involuntary turnover could be dysfunctional if the result is a loss of human capital. (Pietersen, 2014). Voluntary turnover could be either avoidable or unavoidable;

**a. Avoidable Turnover**
Avoidable turnover is something organizations can prevent by hiring, evaluating and motivating their employees more effectively (Sandra 2012).

**b. Unavoidable Turnover**
Unavoidable turnover results from life decisions that extend beyond an employer’s control, such as decision to move to a new area or job transfer for a spouse (Sandra 2012).
2.2.2 Influencing Factors of Employee Turnover intention

The topic employee’s turnover is extensively studied with multiple perspectives and suggested a variety of factors are the causes of turnover of an employee in an organization. Some factors are demographics and some are biographic e.g. financial rewards, work environment, promotion, emotion of employee’s self-accomplishment and self-recognition, over stress of employees etc. nobody can deny the fact that demographic variables have constant positive or negative links with turnover ratio like tenure, educational level, age, etc. (Ali, 2014)

2.2.2.1 Personal Factors

According to Yanjuan (2016), personal factors include age, gender, education level, marital status, years of working, individual ability, responsibility and so on. Another fact is that the female employee turnover rate is higher than male employees. Yanjuan stated that this may be connected and as a factor with women’s duty to give birth and take care of the family. Employees with young, inexperienced and high education level tend to have low level of satisfaction about jobs and careers, and have lower commitment to the organization; these negative attitudes are associated with turnover intention. (Yanjuan, 2016)

2.2.2.2 Organization and Work Factors

In this aspect, enterprise culture and system, enterprise benefit and prospect, organization scale, salary, payment and promotion, relationship, training, employee involvement, individual work attitude and organizational justice will influence employee turnover. (Yanjuan, 2016)

2.2.2.3 Social and Economic Factors

This comprise Society’s economic development level, labor market condition, employment system, job opportunities, enterprise property, transportation, housing, education and health care facilities, the cost of living, quality of life and so on all have an impact on employee’s turnover intention. (Yanjuan, 2016)
2.2.2.4 Job Stress
High rates of mergers, acquisitions, increasing economic interdependence among countries due to globalization, technological development, and restructuring have changed the organizational work over the last few decades have resulted in time pressure, excessive work demand, role conflicts, ergonomic insufficiencies and problematic customer relationship are causes of stress. Also to be consider stress as an environmental stimulus to a person, or an oddity between individual and environment. The experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization; and job dissatisfaction make employees to quit. (Shukla & Sinha, 2013)

2.2.2.5 Compensation (Salary)
According to Sinha and Shukla (2013) one common cause of high employee turnover rates is low pay and benefits package. When a worker is employed in a low-wage position with limited benefits, there is little incentive to stay if a similar employer offers even a slightly higher rate of pay. Workers who make more, but whose salaries fall short of the going market rate, may feel undervalued at their current companies and look for a company that will pay them what they're worth. Employees quit from organization due to economic reasons. The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well. Low pay is good reason as to why an employee may be lacking in performance. Unequal or substandard wage structures fall under this category as well. When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. If you pay less than other employers for similar work, employees are likely to jump ship for higher pay, if other factors are relatively equal. (Shukla & Sinha, 2013).

Adequate and flexible benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that benefits are at the top of the list of the reason why employees choose to stay with their employer or to join the company in the first place (Lockhead and Stephens 2004).
Flexibility in benefits package can enhance retention retention, as it creates responsiveness to the specific needs and circumstances of individual employees (Rampur, 2009). Employees always search for organizations that provide more benefits and compensation package. Besides, compensation and lack of challenge and opportunity were the most common factors in contemplating leaving the organization (Ramlall, 2003). It also found that, unequal or substandard wage structures that fall under salary and benefits category as a factor to leave the organization.

In line with salary and benefit packages, assistance or voluntary benefits provided by the organizations encourage employees to stay in the company (Rion, 2009). Organizations also used such assistance for creating good relationship in the organization with employees.

2.2.2.6 Employee relationship with management

Nature of management influence the individuals in terms of values of organization, image and existence of the firm. A poor relationship with the management can be an important reason for the employees to leave their jobs. It is relatively rare for people to leave jobs in which they are happy even when offered a higher salary elsewhere. Employer-employee relationship plays a vital role on turnover. Lack of role clarity by management can lead to labor turnover. Supervision is an extrinsic factor and “dissatisfying” as well as a “demotivating” just like pay. This is because employees tend to perform better when they are under less supervision and freedom to exercise initiatives, judgment and self-approach to work. (Shukla & Sinha, 2013)

2.2.2.7 Career Growth

Career progress creates stress on employee’s understanding of the worth of his or her career prospects. Obstacles in career development can appear at any time during an employee’s employment period which serves as source of stress for them. These stressing factors can include an array of problems like being stuck at a position without any hopes of progress or threats of downsizing. Career growth is much more important than salary in Europe or America but it is counted equivalent to salary in Asian context. “Moving Up or Moving Out” counts career growth as basic for turnover. High employee turnover could also be due to no potential opportunity for advancements or promotions. Employees prefer other companies which may provide them with higher posts and increased compensation packages. (Shukla & Sinha, 2013)
2.2.2.8 Work Environment
If working conditions are substandard or the workplace lacks important facilities such as proper lighting, furniture, restrooms and other health and safety provisions, employees will not be willing to put up with the inconvenience for long time. Organizational instability has been shown to have a high degree of high turnover. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa. In organizations where there was a high level of inefficiency there was also a high level of staff turnover. For employer losing a single key worker the like hood of project success and investor confidence may significantly reduce. Main causes of turnover are salary, working environment and security of job. Turnover particularly arises from unhappiness from job place. In contrary employees are also pushed to leave their current job due to the dissatisfaction in their present workplace.

2.2.3 Measuring Turnover

Turnover has a significant impact on an organization and this needs to be measured ;

The separation rate is calculated as below ;

\[
\text{Separation Rate} = \frac{\text{Number of Leavers}}{\text{Average Number employed}} \times 100
\]

2.2.4 Conceptual frame work of employee Turnover
The conceptual frameworks for the study has taken job performance as dependent variable and, personal factors, social economic factors, job stress, compensation(salary), organization and work Factors, employee relationship with management, career growth, as an independent variable which if not managed and implemented properly leads to turnover. The above mentioned independent variables negatively impact turnover, the dependent variable. They can be seen as avoidable variables. Addressing these issues could also be considered as addressing the effects of employee turnover on job performance
Personal Factors

Social and Economic Factors

Job Stress

Organization and Work environment Factors

Employee relationship with management

Career Growth

Compensation (Salary)

Turnover Intention

Turnover
2.2.5 Benefits of Turnover

According to Shumon (2012), “Sometimes employee turnover benefits organizations positively”. This might happen when a poor performer is replaced by a more skilled employee and when a retired employee replaced by a younger one.

2.2.6 Consequences of Turnover

The impact of turnover can be either positive or negative, or both for an organization. According to Carbery (2003), from the perspective of the employer, turnover is viewed primarily as a negative phenomenon and from the view of employee it is often viewed in a more positive way. For the employer, perhaps the most obvious positive organizational consequences are the potential replacement of a former employee with one who is better. In terms of negative impact, from a managerial perspective, it would seem apparent that the organizational consequences of turnover are closely associated with the additional cost of recruitment and training and potentially lower profitability.

Turnover is expensive (Mobley, 1982). It affects organizational profitability because in measuring turnover three major costs are included. Separation cost, replacement cost and training cost. Johnson (1981) viewed turnover as problematic for the industries, affecting the quality of products and services and incurring considerable replacement and recruitment costs.

He further said that labor turnover acts as an obstacle to increased productivity and efficiency, a view maintained in more recent literature. For example, the issue of quality cannot be ignored when dealing with employee turnover. Curtis and Wright (2001) stated that “high turnover can damage factors such as quality and customer service which provide competitive advantage, thereby inhibiting business growth or even causing a decline in the level of business”. It is often said that the people who leave are those who are most talented (Hinkin & Tracey, 2000). The issue of quality is highlighted when someone unfamiliar with the tasks takes on the vacant position. It takes a long time to learn a new job and ranges from 54 to 80 days to reach an acceptable level of competence (Hinkin & Tracey, 2000).
CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

In general when we say research design and methodology, it means that the strategic decision applied in designing and conducting the research study.

3.1 Research Design

This study adopted mixed methodology approach since the proposed design combines qualitative and quantitative data collection method and analysis process. The secondary data are collected from annual reports of the bank and other relevant sources. In addition primary data are collected by using questionnaires.

3.2 Data Sources

In order to obtain relevant data for this study, both primary and secondary source of data will be considered. The researcher used secondary data sources to supplement data that are obtained from primary data source. Secondary data sources are be collected from books, brushers, reports, journals (articles) and internet. This data used to establish the theoretical framework and to design questionnaire.

After ascertaining the reliability of the instruments, the researcher has proceed to administer the area of the study. The questionnaires are collected by the researcher .the data collected are computed with the use of computer, edited to minimize errors. Then data are grouped in to tables and graphs.

3.3 Instruments of primary Data Collection

3.3.1 Questionnaire survey

In this study, structured and unstructured questionnaires has been used in data collection of the researcher’s question. Most importantly; the questionnaires were carefully designed to avoid responses that might be biased in favor of the study objectives. They were also prepared according to the status of the targeted group. Questionnaire was chosen by the researcher because of the following reasons: - it encouraged great honest, possibilities of enquiring absent attitude
and opinions; they could be written for specific purpose, within a short time, one could collect a lot of information.

3.4 Population

The population of the study included the employees of Development Bank of Ethiopia in Head office which count 782, the researcher choose head office because majority of the employees of the bank are found at Head office. Also because of limitation on time and other resources including finance.

3.5 Sampling Techniques

A simple random sampling technique has been applied to obtain a representative sample of respondents. In addition samples from the population are collected by applying lottery method. The sample size is determined by using the formula developed by Yemane (1967) at a confidence of 95%. The researcher used this formula because it is easily understandable and widely applied.

\[ n = \frac{N}{1 + N(e^2)} = \frac{782}{1 + 782(0.05)^2} = 264.63 \]

Where \( n \) = sample size

\( N \) = population size

\( E \) = level of precision

3.6 Method of Data analysis and instruments

Both qualitative and quantitative approaches are used during the data analysis. Statistical Package for Social Sciences (SPSS) is used in data analysis. In order to analyze the quantitative data obtained through Questionnaire (Likert scale technique).

In addition the researcher used both quantitative qualitative research design using Descriptive statics such as frequency counts, percentage charts and averages for structured item meaning are contextualized, interpreted and organized according to their sources. The collected data are analyzed and discussed.
Descriptive statics analysis is applied for the presentation, interpretation and discussion parts on various dimensions of the evaluation system. Frequency, tables, charts, graphs, figures and percentages are used as appropriate to analyze, interpret, tabulate and present the results of the study. The data that are gathered through and questionnaire are coded, entered in to computer and are analyzed and presented in the form of charts, diagrams, and tables by using SPSS version 20. In addition, questionnaires which are collected, they are checked for completeness. Questionnaires which were blank or extensively incomplete are barred from processing. Then later the gathered questionnaires are analyzed for validity and completeness

3.7 Ethical considerations

Concerning ethical consideration, an attempt are made to ensure all respondents to keep their identity and respondents as confidential in order for all the information to be given with complete confidence .The questionnaire are dispersed based on willingness of each respondents. In addition, the purpose of the questionnaire and interview was clearly revealed.
CHAPTER FOUR
DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter deals with data presentation, analysis, and interpretations of the analyzed data. It includes two major analysis techniques. The first section presents demographic features of respondents which are the subject of the study and the second section of the chapter discusses the results and implications of the findings.

4.1 Demographic Characteristics of the respondents

The demographic characteristics part of the questionnaire includes the personal futures like Age, gender, Educational qualifications, working experience, and marital status. The details are as follows:

Table 1 Demographics Variables of respondents

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Measurement</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Age</td>
<td>18-25</td>
<td>49</td>
<td>18.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26-35</td>
<td>145</td>
<td>54.9%</td>
</tr>
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<td></td>
<td></td>
<td>36-45</td>
<td>32</td>
<td>12.1%</td>
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<td></td>
<td></td>
<td>46-55</td>
<td>24</td>
<td>9.1%</td>
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<td></td>
<td>Above 55</td>
<td>14</td>
<td>5.3%</td>
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<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Gender</td>
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<td>138</td>
<td>52.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>126</td>
<td>47.7%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Marital status</td>
<td>Married</td>
<td>82</td>
<td>31.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Single</td>
<td>172</td>
<td>65.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Separated</td>
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<td>Masters Degree</td>
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<td>Above Masters Degree</td>
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<td>5</td>
<td>Working Experience</td>
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<tr>
<td></td>
<td>1-2 years</td>
<td>61</td>
<td>23.1%</td>
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<td></td>
<td>3-5 years</td>
<td>50</td>
<td>18.9%</td>
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<tr>
<td></td>
<td>6 years and above</td>
<td>153</td>
<td>58.0%</td>
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<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own survey, 2017

Item-1 demonstrates the respondents age and out of 265 respondents 54.9% fall under the age 26-35 followed by 18.6% within the age group of 18-25 with a percentage of 18.6%, then 12.1% within the age group of 36-45, 9.1% within the age group of 46-55, and 5.3% above the age of 55. From this one can conclude that majority of the company’s employees are within the younger age group this could be taken as an advantage of the company if managed well.

Item-2 shows gender arrangement and 52.3% of sampled employees are male and 47.7% are female. From this, it’s possible to conclude that the outcome of the research fairly represents the employees’ view.

Item-3 of the table points out the marital status of the respondents. Accordingly, 65.2% of the respondents are single and 31.1%.

Item-4 of the table is about the educational qualification of the respondents. Based on the data, majority of the respondents, which is 81.1% are first degree holders followed by 16.7% second degree holders and 2.3% are diploma holders. There were no respondents who are PhD holders.
Based on the evidence provided, it could be inferred that majority of the company’s labor force are well educated.

Item-5 of the table is concerning the service year of the respondents in the organization. The table shows that 58.0% of the respondents have been working in the organization for 6 years and above, 23.1% respondents for 1-2 years, 18.9% respondents for 3-5 years. Based on this figure, it’s possible to conclude that majority of the employees are fairly stable.

4.2 Data Analysis

In this section the data obtained on employee turnover are from the organization report and data collection through questionnaires from professional employees currently working at Development Bank of Ethiopia and are analyzed, presented and interpreted by using, mean, percentage, count and standard deviation.

The responses from every respondent for each determinant are scored on a five points scale i.e. strongly agree, agree, Neutral, disagree and strongly disagree.
Item 1 of the above table shows feedback provided by the respondents on whether the organization and work factors are conducive enough for them to stay in the organization. Majority of the respondents, which is 43% neither agreed nor disagreed to this point (neutral) followed by 29.1% who agrees to this statement, 18% did not agree to this statement and the rest 2.9% strongly agrees. Based on this result, it’s fair to conclude that considerable number of respondents believes that the there’s a favorable organization and work factor for them to stay longer in the company.
Item 2 of the above table demonstrates responses given to availability of social and economic factors in the company i.e. better benefit and compensation; level of educational facilities provided; level of health care facilities provided by the company. Based on the responses given, 37.9% neither agrees nor disagrees as to the availability of this factor; 33.3% disagrees to this statement; 22.3% agrees to this statement, whereas the rest 2.7% strongly disagrees. Based on the response rate (excluding the neutrals) it’s possible to conclude that employees of the organization believes that they’re not being compensated well for the work they’re doing and the benefit package is not competitive enough to address their needs.

Item 3 of the above table depicts responses given in connection with the presence of job stress in the work place. Accordingly, 43.6% of the respondents are neutral, followed by 25.8% disagrees with its existence, and 22.7% agrees that it does exist in the work place, and the rest 4.9% and 3% strongly agrees and strongly disagrees respectively. Notwithstanding those who were neutral with this statement, it’s possible to infer that employees believe that their work environment is stress free which intern will play a big role in staff retention.

Item 4 shows the respondents result regarding personal factors, i.e. correlation of their educational background with the job that they’re doing; recognition received for a job well done; company’s recognition of gender equality. As it can be referred from the above table, 40% of the respondents are neutral, 26.9% disagrees, 15.9% strongly disagrees, while 13.6% agrees and 2.7% strongly agrees respectively. Not considering the neutral ones, it’s possible to conclude that considerable number of respondents disagrees with the fact that the company takes into consideration personal factors as part of keeping employees motivated/retaining its employees.

Item 5 shows responses regarding the availability of a conducive work environment for employees to do their jobs. Accordingly, majority of the respondents (50%) disagrees with the availability, followed by 20.8% who strongly disagree with its existence, 11.7% who do agree with the statement, while 9.8% are neutral and 7.6% strongly agrees that there is suitable work environment. Looking into majority of the responses given, it’s possible to conclude that the company has poor work environment which could result in low employee motivation and high turnover.
Item 6 shows respondents observation of the availability of career growth in the company. As per the feedback collected, 47.3% of the respondents neither agrees or disagrees to this statement, while 37.5% disagrees, followed by 12.5% who agrees with the availability of career opportunity, and 2.7% strongly disagrees with its existence. Aside from those who are neutral and referring to the second largest response given, it’s possible to infer that employees do not feel that there’s a career growth opportunity within the organization.

Item 7 demonstrates responses given on whether the company’s salary/compensation is competitive as compared to other companies in similar industry and whether equal pay for equal work exists in the company. Accordingly, 32.6% responded confirming their agreement, 26.1% disagrees with the statement, 15 %. Strongly disagreed, while 21.2% are neutral and 4.9% strongly agrees with the existence fair compensation. Based on the response given, it’s possible to confirm that employees feel that they’re being well compensated for the job they’re doing and they do believe that salary inequality does not exist within the company.

Item 8 describes employee relationship with management and the result shows that majority of the respondents i.e. 32% disagrees with the statement, where as 30.7% agrees that there is a good relationship with management, followed by 21.6% are neutral while 8% and 7% strongly disagrees respectively. Based on the feedback given, it’s possible to conclude that majority of the employees disagrees with the fact that a harmonious relationship between the employees and the management exists within the organization.
Table 3 Labor turnover factors

<table>
<thead>
<tr>
<th>Item</th>
<th>Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
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<tbody>
<tr>
<td>1</td>
<td>Work environment</td>
<td>2.25</td>
<td>1.13</td>
</tr>
<tr>
<td>2</td>
<td>Personal factors</td>
<td>2.51</td>
<td>0.9</td>
</tr>
<tr>
<td>3</td>
<td>Career Growth</td>
<td>2.71</td>
<td>0.68</td>
</tr>
<tr>
<td>4</td>
<td>Social and Economic factors</td>
<td>2.79</td>
<td>0.87</td>
</tr>
<tr>
<td>5</td>
<td>Job stress</td>
<td>2.85</td>
<td>0.82</td>
</tr>
<tr>
<td>6</td>
<td>Compensation salary</td>
<td>2.88</td>
<td>1.15</td>
</tr>
<tr>
<td>7</td>
<td>Employee relationship with Management</td>
<td>3.01</td>
<td>1.14</td>
</tr>
<tr>
<td>8</td>
<td>Organization and Work Factors</td>
<td>3.02</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Item 1 concludes that the respondents result on a matter of work environment i.e. mean 2.25 and SD 1.13, and the result explains that the employees of the bank are dissatisfied by the work environment which is one means to see this factor that affect the employee turnover.

Item 2 which is personal factor respondents resulted 2.51 mean and 0.90 standard deviation. Based on the result findings the respondents dissatisfied on the matter.

On table 3 item 1 shows organization and work factor with a 3.02 mean and 0.88 SD in five point Likert measurement scale. These explains the majority of respondents fall under the category of neutral or indifferent .In additions as can be observed by table 3 this factor has a neutral effect on the respondents .

In item 2 table 3 clarifies Social and Economic factors ,based on the result the respondents mean is 2.79 and 0.88 standard deviation .This infers that ,the respondents are neutral on the factors .
On item 3 table 3 explains respondents mean (2.85) and standard deviation (.82) on regarding job stress factors. Based on the result, respondents are indifferent on the matter of job stress in the bank.

Item 6 category on table 1 shows the respondents result which shows a mean 2.71 and SD .68

In addition this result explains that respondents are indifferent on the matter.

On item 7 of table 1 found compensation and salary which respondent’s response is mean 2.88 and SD 1.15. this result explains that respondents are indifferent on the factor mentioned.

Item 8 on table 1 shows the respondents answer on the factor of Employee relationship with Management and explains with a mean 3.01 and SD 1.14 .in addition the result explains that the respondents are indifferent with factor.
The above graph shows the correlation between the educational background of the respondents and the factors affecting turnover. Accordingly, one can infer from the above graph that though there are few differences between the level of agreement and disagreement with the factors under consideration, their responses were skewed towards the same direction. Hence, it’s possible to conclude that the two does not have any correlation.
The above graph shows the correlation between the gender of the respondents and the factors affecting turnover. Accordingly, one can infer from the above graph that though there are very few differences between the level of agreement and disagreement with the factors under consideration, their responses were skewed towards the same direction. Hence, it’s possible to conclude that the responses given were not influenced by the gender of the respondents.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents summary conclusion and recommendation based on the data collection, analysis.

5.1 Summary of Major findings

This study attempted to investigate the factors that affect employee’s turnover on the organization on the current employees of DBE. From the analysis made the reason for the high turnover are highly dissatisfied employees due to work environment and employee relationship with management.

The study revealed that the highest average response rate for organization and work related factor went for neutral with standard Mean 1. This indicates that the respondents were not sure of all the statement under turnover factor in organizational and work factor at Development Bank of Ethiopia. The bank could surely benefit from giving attention to the statements in this section since workers have not taken a stand in the factor and don’t believe that it will in any way impact their stay in the organization. In addition the study established that the highest response rate for social and economic and factor went for neutral. This indicates that respondents are either unsure of all the statement under social or economic factor or they don’t consider it as a factor that could influence their stay in the organization. The findings under job stress factor reveals that most of the respondents are neutral also. This indicates that the respondents are either unsure of all the statement under this factor or they don’t consider it as a defining factor on whether they would consider staying in or leaving the company.
Furthermore, the study established that working environment is very important factors that employees consider at work place. A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions. Flexible work-schedules lead to greater work-life balance and can offset work stress. The study revealed that if the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees will not be willing to put up with the inconvenience for long. It further established that the environment in which an employee works should be considered safe, and abide by health and safety standards.

Further the results suggest that the respondents are satisfied with the existing compensation (salary) of the company. It could therefore be said that Compensation (salary) factors have helped retain employees hence could not be considered as a factor for high employee turnover faced by the bank. Under employee relationship with management, the study revealed that majority of the respondents feels that there is no harmonious relationship between the management and the employees within the organization.

5.2 Conclusion

High employee turnover can be caused by a lot of factors, such as organization and work, Social and economic, job stress, Personal factor, works Environment, Career Growth, Employee relationship with management etc.

The company under the study recorded high employee turnover in the last few years. This study has identified factors that affect the turnover in the Bank, in doing so, the researcher used both primary and secondary data sources. Regarding the analysis, interpretation, tabulation, and presentation of the data, the researcher made use of different tools such as mean, frequency, tables, charts, graphs, figures and percentages.

The conclusion of the study reveals that, the current employees of Development Bank of Ethiopia thinks that the organization and the work factor, social and economic, job stress, personal factor,
career growth and compensation and salary are adequate and these can’t be the reason to leave the organization.

From the analysis made one can conclude that the main reasons of the high employee turnover that are found in the organization are: Highly dissatisfaction with the working environment and also dissatisfaction with employee relationship with the management.

The company under the study is losing young and mature professionals and this in turn affects the performance of the organization.

5.3 Recommendations

Grounded by the findings and conclusion, the next recommendation are made to allow the liable authority’s to retain the current employees and decrease the factors for the high employee turnover faced by the organization.

➢ Compensation and benefit- referring to the responses given by the employees, the company seems in good space in this regards. However, the company should not take this for granted as the external environment is every changing and a need to revise its benefit package could be a necessity. For this, the company should always stay alert of what’s happening the external environment and make sure it’s package is competitive and sufficient enough to retain its talents.

➢ Create a conducive working environment where employees feel recognized for a job well done and are well motivated to excel on their responsibility. Furthermore, the company needs to conduct a pulse survey and understand what led employees to believe that gender equality is not recognized in the company (e.g. equal pay, career advancement…). Gender diversity should be given due attention by the management as a diverse workforce proved to bring different ideas to the table and drive company’s performance. The impact of availing all the appropriate tools of trade for employees on employees moral and job satisfaction should also not be over looked by the organization.

➢ Career progress within a particular company plays a critical role in the retention of top talents. Furthermore, it is considered as a wise way of building the succession pool of the
company where by talents are groomed to assume a senior role when the need arises. Even though the employees seems satisfied (based on the response given) with the career progress opportunity that exists within the organization, the company should always stay abreast of new developments and strive to bring about a more effective career opportunities/path that are appealing for the talents’ generation as what worked well for the existing employees may not be acceptable by the new talents that the company will be recruiting for the years to come. Therefore, the company should consider designing a clear career road map for its employees with appropriate capability plan not only to support the employees but also to ensure that the company achieves its target year on year.

- A harmonious relationship with the employees and the management is very critical to the very existence of any organization because more engaged employees are believed to be more productive. For this reason, the company needs to conduct a value survey/pulse survey for the following reasons:
  - Whether the employees value aligns with that of the company
  - To identify how they feel about the organization and the management as a whole
  - To identify the root cause of this dissonance
  - To collectively identify area of improvements

Furthermore, employees should be fully engaged in important matters (policy changes before it takes effect for example) so that they feel valued and they’re important members of the organization. This will intern not only improves the employee-management relationship but also creates a sense of ownership within the employees which will result in a better company performance.

- The company should continue to provide a stress free environment for its employees as it plays a critical role in enhancing employees’ performance.
References


Rion, J. (2009). Professional Development: The key to retention. 71(2). URL: http://researchpro.seals.ac.za


http://WWW.buzzle.com/Articles/cause-of-employee-turnover.html

Ramlall S.(2003). Managing Employee Retention as a strategy for increasing Organizational competitiveness. Volume 8,Number 2, Pages 63-72

## Annex

### Time Frame

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QUESTIONNAIRE

Dear Sir/Madam, I am a graduate student undertaking Masters of General Management at the Saint’s Marry University College. I am conducting a research study entitled “FACTORS AFFECTING EMPLOYEE TURNOVER: IN THE CASE OF DEVELOPMENT BANK OF ETHIOPIA”. You have been selected to assist in providing the required information because your views are considered important to this study. I am therefore kindly requesting you to fill this questionnaire. Please note that any information given will be treated with utmost confidentiality and will only be used for the purpose of this study. Thank You.

Yours faithfully,

Henok Tilahun

___________________________________________________________

Instructions

Kindly tick (✓) the appropriate choice or fill the following questions in the appropriate spaces provided

PART 1 -PERSONAL INFORMATION

1. Age  1)18-25___  2) 26-35___  3) 36-45___  4) 46-55___  5) More than 55___

2. Gender 1) Male_____  2) Female________

3. What is your marital status?  1) Married___  2) Single___  3) Separated_____  4) Divorced_____

4. What is your highest educational level?

1) Certificate ____  2) Diploma____  3) Degree_____  4) Masters Degree__  5) Above Masters Degree __

5. How many years have you worked for Development Bank of Ethiopia?

1) Less than 1 year____

2) 1-2 years________

3) 3-5 years________

4) 6 years and above______
1= Strongly Disagree; 2= Disagree; 3= Neutral; 4=Agree; 5=Strongly Agree

PART 2 –LABOUR TURNOVER FACTORS (Please tick (√) the appropriate choice)

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<th>3</th>
<th>4</th>
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<td>There is enough bank training opportunity.</td>
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<td>There is a harmonious colleague’s relationship.</td>
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<td>There is good organizational culture in the bank.</td>
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<td>There is a better benefit in the bank.</td>
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<td>The level of health care facilities given by the bank is good.</td>
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<td>There is no role conflict in my job.</td>
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<td>The restructure change did not create a pressure on my job.</td>
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<td>There is no excessive workload in the Bank.</td>
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<table>
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<td>My job is related to my educational qualification?</td>
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<td>The bank recognizes individual ability.</td>
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<td>The bank gives acknowledgment for gender equality.</td>
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### Work environment

Working conditions are not substandard in the bank.

The bank has important facilities such as proper lighting, furniture, restrooms and other health and safety.

### Career Growth

There is good promotion opportunity in the bank.

There is professional ethics in the bank.

There is no threat of downsizing.

### Compensation (salary)

Compared with the bank industry market rate, the bank has economic wise salary pay to employees.

The bank has economic wise compensation and benefit packages.

There is no feeling of unequally paid while performing similar work.

### Employee relationship with Management

There is smooth relationship between the employee and the management.

There is less supervision in the bank.

There is no role clarity by management.
PART 3

1) In your view what should be done to reduce the labor turnover patterns that are being experienced? Please tick (√) the appropriate by ranking.

1) Increase salaries of all workers___

2) Increase employee relationship with management____

3) Reduce the work load by employing more workers ___

4) Provide training and development opportunities for career growth____

5) Other suggestion if any,

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

2) What is the Company doing to reduce the labor turnover patterns being experienced?

1) Nothing____

2) Finding out why workers are leaving___

3) Involving workers in decision making____

4) Management working closely with the workers trade union____

5) Other deed if any,

_____________________________________________________________________

3) Other Remark related to factors affecting employee turnover.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

Thank you for your participation!