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ST. MARYS UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF EMPLOYEE TURNOVER ON ORGANIZATION PERFORMANCE THE
CASE OF OROMIA BANK

BY
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January 2023
Addis Ababa, Ethiopia

The Effect of Employee Turnover on Organization Performance The Case Of Oromia Bank

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**A THESIS SUBMITTED TO ST.MARYS UNIVERSITY SCHOOL OF GRADUATE STUDIES IN
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SCHOOL OF GRADUATE STUDIES

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DECLARATION

I certify that this thesis is my own work and is the undersigned. The sources of all the information included in the thesis have all been cited. I further affirm that the thesis has not been submitted in whole or in part to any other institution of higher learning with the intention of obtaining a degree.

Name

Signature and Date

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TABLE OF CONTENT

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
List of Tables.....	vii
ABSTRACT.....	viii
CHAPTER ONE.....	1
1. BACKGROUND OF THE STUDY.....	1
1.1 Back ground of organization.....	4
1.2 Statement of the problem.....	5
1.3 Research Objective.....	6
1.3.1 General Objective.....	6
1.3.2 Specific Objectives.....	6
1.4 Research Question.....	6
1.5 Delimitation of the study.....	6
1.6 Significance of the study.....	7
1.7 Limitation of the Study.....	7
1.8 Definition of Terms.....	7
1.9 Organization of the paper.....	8
CHAPTER TWO.....	8
LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.1 Theoretical Literature Review.....	9
2.2.1 Definition of Employee Turnover.....	9
2.2.2 Types of Turnover.....	9

2.2.3	Causes and Influencing Factors That Contribute To Employee Turnover.....	12
2.2.4	Mitigating Strategies of Reducing Employees' Turnover.....	18
2.3	Empirical Literature Review.....	20
2.4	Conceptual Framework of the Study.....	27
CHAPTER THREE.....		29
Research Design and Methodology.....		29
3.1.	Description of the Study Area.....	29
3.2.	Research Design.....	29
3.3.	Research Approach.....	30
3.4.	Target population.....	30
3.5.	Sampling Technique.....	30
3.6.	Sample Size.....	31
3.7.	Data Sources and Types.....	33
3.8.	Data Collection Instruments and Procedure.....	33
3.8.1.	Reliability and Validity of Instruments.....	34
3.9.	Data Analysis Methods.....	35
3.10.	Ethical Considerations.....	35
CHAPTER FOUR.....		36
Data Presentation, Analysis & Interpretation.....		36
4.1	Data Presentation.....	36
4.1.1.	Survey Responses Rate of the respondents.....	36
4.1.2.	Demographic Characteristics of the respondents.....	36
4.2.	Analysis of the Findings of the Study.....	39
4.2.1.	The Existence and Rate of Labor Turnover in the Study Area.....	39
4.1.1.	Respondents Response on Causes of Employees Turnover.....	40

4.1.1. Respondents' response on the effects of employees' turnover on organization performance.....	41
4.1.2. Regression analysis of employee turnover and organizational performance 43	
CHAPTER FIVE.....	44
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	44
SUMMARY.....	44
CONCLUSION.....	46
RECOMMENDATION.....	46
References.....	47
Appendices.....	49
Appendix I.....	49
Appendix II.....	3

List of Tables

Table 3.1 Summary of Sample Size and Sampling Techniques.....	
.....31	
Table 3.1 Summary of Reliability test result of Questionnaire.....	
.....34	
Table 4.1 Responses with General Demographic Details.....	
.....37	
Table 4.2 Rate of turnover in the Bank.....	
.....39	
Table 4.3 Mean Summary for the Cause of employee Turnover.....	40
Table 4.4 Mean Summary for the effect of employee Turnover	
.....41	
Table 4.5 Summary of Regression Analysis Results.....	
.....43	

ABSTRACT

The purpose of this study was to examine the effect of employee turnover on the organizational performance of Oromia Bank. A descriptive research design with a mixed research approach was employed. Proportionally stratified sampling techniques, simple random techniques, and the purposive sampling technique were used to select samples from the target population. Data were gathered using a semi-structured questionnaire and semi-structured interview from 244 sampled respondents and four interviewees, including directors, chief officers, and deputy chief officers. Additionally, primary data were gathered from different documents. From inferential statistics, independent sample linear regression was employed, and from descriptive statistics, frequency, percentage mean, and standard deviation were employed to analyze the data. The findings from both quantitative and qualitative sources concomitantly revealed that there is staff turnover in Oromia Bank caused by factors like the search for better employment opportunity, career development, compensation, and salary, as well as poor governance, high work pressure, and poor training and development opportunities. Additionally, it is found that existing employee turnover has affected organizational performance. From this, it is concluded that the existing staff turnover in Oromia Bank is caused by uncompetitive career development, compensation, and salary, poor governance, high work pressure, and poor training and development opportunities. Additionally, it is concluded that employee turnover has affected organizational performance, resulting in declined service delivery, low productivity, and a high cost of hiring new employees. Hence, it is recommended that Oromia Bank improve its career development opportunities, salary and benefit status, increase its workforce to reduce workload, provide continuous training for employee development, and create a conducive, clean, and stable work environment to reduce employee turnover. Finally, to enhance its productivity, service quality, and delivery time to maximize its profitability, Oromia Bank is recommended to retain its experienced employees.

Keywords; Turnover, organizational performance

CHAPTER ONE INTRODUCTION

Under this section a brief description of the topic under study is made. Accordingly, background of the study, statement of the problem, basic research questions guiding the study, objectives of the study, significance, delimitation, and organization of the study is presented.

1.1 BACKGROUND OF THE STUDY

Employee turnover is delineated to a situation in which employees depart the organization for several reasons, and thus, negatively affect the organization in terms of overall expenditure and the abilities to distribute the minimum required services (Yankeelov et. al., 2008). When employees leave the organization, this may not only impact on organization but also on workforce itself. Due to its depressing impact, employee turnover has been considerable topic for scholars, academics and managers.

Interpersonal relationship amid the different departments has a significant impact on employee turnover intention. When an organization or a department have intricate interpersonal relationship, there are many sections or small groups, it may be complicated for employees to deal with the relationship with coworkers and managers, or the workers are to spend a lot of energy to have relationships within the organization or the department, they are rather likely to leave the job (Zhang, 2016).

Training and learning opportunities will also have considerable effects on employees staying in the organization. If the company does not provide them the opportunity to learn, they cannot improve their skills and abilities. In other words, employees are most unlikely to get self-realization so that they cannot continue to grow in the company. As a result, employees may tend to quit the job (Liu et al, 2006).

Pearce and Mawson (2009) have described contradictory effect regarding the low rate of training in the organization, leading to poor job performance and higher rate of employee turnover. On the other hand, some organizations, which provide appropriate training program for their employees' learning and skill development, achieve the high ratio of success and helping to minimize the level of employee turnover. Therefore, employees

might have greater commitment to their job and full encouragement to stay in the organization (Amos et al., 2008).

However, one of the significant effects of turnover is to increase cost due to recruiting and training new employees. It costs businesses money to call for interview and hire candidates. Besides, it is a costly process that skilled workers rarely spend the time and contribute in income-generating activities, because they provide training to new workers. In other words, experienced workers are responsible for training new employees so that they are less able to concentrate on their normal job duties. In a small business, the owner himself might have to train new employees. In addition, the combined effect of the negatives can result from high turnover, leading a firm to generate less profit. Anything that leads to increase costs or reduce productivity, income will tend to reduce profit. Evidence for this is provided by the Harvard Business School, when businesses experience higher turnover, they will get lower profit margins (Zeynep and Robert, 2008). It often takes months or years for a new business to achieve profitability due to increase of unexpected costs as high turnover and needs to start new venture to make a profit.

Thirty nine cases regard as job satisfactions have been assessed in the past fifty years and it was discovered that all but four studies demonstrated negative relationship (Firth et al., 2007). By contrast, Simon and Kristian (2007) opine that job satisfaction is one of the predictors of turnover intention. In the perspectives of Western research, several studies have found that jobrelated factors are the key determinants of job satisfaction, organizational commitment and turnover intentions among employees. (Boxall et al., 2003, Malhotra et al., 2007; Meyer and Smith, 2000). A different study illustrates that both lower job satisfaction level and organizational commitment are associated with the higher rate of turnover (Zhao and Zhou, 2008). However, Zuber (2001) states that “turnover may matter more in organizations where jobs are not standardized and procedures do not exist for transmitting knowledge to new members”.

Employees possibly exit the organization due to economic reasons. Michal et al. (2001) have used the economic model to predict labor turnover in the market. Some socio-economic factors such as economic development level, condition of labor market, employment structure, job opportunities, property enterprise, transport and

communication, accommodation, education and medical facilities, living cost, quality of life and so on all have an influence on the intention of employee turnover (Huang and Huang, 2006). Economic growth, short supply of organization personnel, better employment opportunities increase will lead to turnover intention. The nature of organization affects the intention of employee turnover. Members of staff in state-owned organizations have the highest level of turnover intention, the next is workers in private organizations, and the final is staff in foreign funded organizations. Generally, these three types of business organization have the higher rate of turnover intention, more than the average. To a certain extent, transportation, shelter, schooling and health care facilities are negatively interrelated to the employee turnover. Under the circumstance of high expenditure of living, in order to make a living, the likelihood of employee turnover will reduce. Employees are likely to choose to quit the current job for getting the chance of high-paid job in pursuit of a better quality of life (Zhao et al., 2003).

Experts also have opined that overall corporate culture of an organization affects the employee turnover. However, the most important issue here is the trust in and respect for the management team. If organizations appreciate employees, treat them with respect, and provide compensation, benefits, and perks that demonstrate respect and caring, they will stay in the organization. In other words, employees appreciate a workplace in which communication is transparent, management is accessible, executives are approachable and respected, and direction is clear and understood (Huselid, 1995). In addition, a lack of recognition is one of the significant factors that may contribute to turnover. Organizations must provide a lot of genuine appreciation and recognition as icing on the cake for employee retention. Otherwise, there is a probability that employees tend to leave.

Apart from the debate of employee's turnover, many researchers have attributed the theories of employees' retention as an important topic of inquiry. Employee retention is an effort by a business to maintain a working environment, which supports current workforce in remaining with the company. Retaining skilled employees would be a serious concern for organizations in the face of ever increasing high rate of employee turnover at national and global level (Samuel and Chipunza, 2009). Literature has overwhelmingly proved that valuable workforce or functional workforce retention can play a significant role for the

survival of an organization. As a result, this could have adverse effect on productivity and profitability (Bogdanowicz and Bailey, 2002).

Many experts agree that employees' retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. It is essential for an organization to maintain corporate strategic advantage by retaining the hardworking and talented employees. Hence, managers must understand the difference between a valuable employees and an employee who does not contribute much to the organization so that they can design appropriate strategies to retain the potential employees. These strategies may range from lucrative rewarding packages to involving employees in every sphere of the functioning of the organization (Mak and Sockel, 2001).

Previous empirical studies have observed that factors such as competitive salary, friendly working environment, good interpersonal relationships and job security are the key motivational variables that can lead to retain them in the organizations (Samuel and Chipunza, 2009; Kinnear and Sutherland, 2000; Maertz and Griffeth, 2004). Two factor theory propounded by Herzberg et al. (1959) is an important theory that explains what satisfies or dissatisfies employees and, hence, serves as an important framework for employee retention.

The purpose of the study increases the employee's interest in the job, provide facilities to employees, and reduce the employee's fairness toward the job. The purposes find out the reason for employee turnover and identify the problem of employee turnover in the bank of Oromia and propose solutions to realize the achievement of the organization's goal.

1.2 Back ground of organization

The banking industry is one of the fast-growing industries in the service sectors which contribute to the economic growth of the country Ethiopia. It contains around 18 private banks and 2 government owned banks. Which give several kinds of service to their customers all around the country including saving money, mobilizing all types of Deposits, Prominent Money Transfer Operation (Western Union, Money Gram, and Express Money), Credit Services, and International Banking Services, Mortgages, Personal Loans and so on

Service quality has now become the most important factor in the banking industry since it consists of highly competitive environment. The first bank in Ethiopia was Bank of Abyssinia which was a private bank established in the year 1906, Feb 15 by Emperor Menelik. After that many banks have been developed and now days, we have 2 government banks and 27 private banks which are found in Addis Ababa. Oromia bank is one of the private banks in Ethiopia, the bank have 390 branches as at June 30, 2022. The total employees of the Bank excluding outsourced staff stood at 5170 as at June 30, 2022. Overall improvement of employee's job performance helps organization keep substantial competitive benefits in the worldwide marketing competition. Performance is an important criterion for organizational outcomes and success.

1.3 Statement of the problem

Employee turnover is a serious problem for many organizations around the world. It is the headache of many private and governmental organizations in Ethiopia. Turnover is the biggest cost for employers and owners of many organizations to replace an exiting employee. Human resource managers face problems in today's working environment. Therefore, the researcher had seen the effect of employee turnover on the organizational performance of banks in the banking industry that affects job satisfaction and encouraged managers to develop appropriate measures to avoid factors that lead to job dissatisfaction or retention. On the other side, the problem was when well-experienced and valuable employees left the organization. Organizations make investments in their employees by training and developing them, motivating them, and expecting a return that adds value to the organization's performance. However, the researcher knows when the employees leave, the organization will suffer a loss and other difficulties in achieving its goals and objectives. Turnover matters are costly and affect business performance. This makes the competitive environment more intense than it already is. Turnover affects these organizations in the industry both in financial and non-financial terms.

With regard to financial terms the banks was incurring direct and indirect expenses, which include the cost of advertising, headhunting fees, human resource costs, loss of productivity, new hire training, and customer retention that means they must have to replace an employee this will have a negative impact on the performance of this banks in

achieving their goals Prior literature (Hackman and Pisano 2006; Shaw et al. 2005a, 2005b, 2009; Sieben and Zubanov 2009) indicates that the same employee turnover can impact organizations differently. Researcher tried to relate mostly due to different factors depending on the quality of the staff leaving the organization for example, costs associated with the recruitment and selection of the replacing employee turnover for the organizations. This study is to analyze the effect of employee turnover on the performance of organizations. This study tries to add for the existing empirical literature and lead to a conclusive decision on the effect of employee turnover on the performance of organization especially in Oromia bank. Besides loss of productivity, money and time, the organization also losses in terms of some direct costs such as low morale of exiting employees that may occur due to increased work load or due to the arousing dissatisfaction with organization. Oromia Bank S.C have been experiencing high turnover rate which gets higher every year and there are a lot of studies regarding this but the problem hasn't resolved yet. The research has assessed the gap in the effect of employee turnover on organizational performance. My sources of evidence for making this comment are the 2013 E.C annual general report and uncoordinated information from employees.

This study will support the industrial bank to achieve its goals by having its employees with sufficient efficiency and skills. I support the identification of the causes of the problem and the direction of solutions. What sets this study apart from other studies is that it now focuses on the banks of Oromia. Because it is the problem that the bank is currently facing. The results of this study will identify the causes of employee turnover and set the direction for solutions. Some solution directions play a major role for senior managers.

1.4 Research Objectives

1.4.1 General Objective

The main objective of this study is to examine the effect of employee turnover on organizational performance of Oromia Bank.

1.4.2 Specific Objectives

This research is intended to have the following objectives:

- ✓ To determine the factors that leads high employee turnover in Oromia Bank S.C.
- ✓ To identifies the impact of turnover on performance and set the solution direction in Oromia Bank S.C.
- ✓ To evaluate the reduction of employee turnover.

1.5 Research Question

- ✓ What are the major factors that leads high employee turnover in Oromia Bank S.C?
- ✓ What is the effect of employee turnover on organizational performance?
- ✓ How to reduce employee turnover?

1.6 Delimitation of the study

The study would be delimited conceptually, geographically as well as methodologically. Thus, the study would try to examine the factors that affect employee's turnover on organization performance of the Oromia Bank S.C. This study should be undertaken at Head Quarters of Oromia Bank S.C located in Addis Ababa City. By taking in to account the research objectives, mixed research approach would be used. To analyze the findings, both descriptive and explanatory research design should be employed. The scope of my research was delimited to the head office of the bank because I didn't have enough time and money to do this research. I am not comfortable with the working environment and I would focus only on the head office within the scope of my research. In addition, the coronavirus situation is also a bit worrying. The research site was bole road Africa revenue next to the Getu Commercial Center. The study will be completed by December 30th.

1.7 Significance of the study

The findings of the study would indicate the relationship between Employee turnover and the Performance of banks in OB by analyzing the primary data collected from the employees. Thus, the study shall contribute to come up with a better recommendation to improve the employee policy. The consequence of the research helps to participate a significant idea in making new policies and procedures for employees and it can be used as a reference for further study.

1.8 Limitation of the Study

In view of theoretical and practical evidences, there are many factors that affect the employment turnover of OB. However, this study will be concentrated on limited variables of HRM.

Besides, specification of the study to only one bank delimiting to Addis Ababa city head quarter can be the limitation of this study.

The study will be focused on the factors mentioned in the scope of the study section however; there are other variables that have been used in literatures as determinant of bank like volume of capital, earning volatility, tangibility, company size, retention ratio, expense ratio, asset quality and so forth.

1.9 Definition of Terms

Bank is an institution that deals in money and its substitutes and provides other money-related services. In its role as a financial intermediary, a bank accepts deposits and makes loans.

Human resource management (HRM) is the practice of recruiting, hiring, deploying and managing an organization's employees. HRM is often referred to simply as human resources (HR).

Human resources are the set of people who make up the workforce of an organization, business sector, industry, or economy. A narrower concept is human capital, the knowledge and skills which the individuals command. Similar terms include manpower, labor, personnel, associates or simply.

Employee turnover refers to the total number of workers who leave a company over a certain time period. It includes those who exit voluntarily as well as employees who are fired or laid off—that is, involuntary turnover.

1.10 Organization of the paper

This research should be organized in to five chapters. The first chapter will introduce the background of the study, statement of the problem, objectives, significance and scope of the study. The second chapter will focus on the on related literature (theoretical, empirical and conceptual). The research methodology of this study will be presented in chapter three. The presentation of major findings and discussion shall be made in chapter four. Finally, the summary, conclusions and possible recommendations will be presented under chapter five.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter contains literature review as derived from research and works by other researchers obtained from journals, manuals, magazines and the internet. It also contains theoretical review, critical review as well as the conceptual framework. It aims at assisting in the problem definition, and makes it possible to understand what other researchers and writers have done or contributed to the topic.

2.2 Theoretical Literature

2.2.1 Definition of Employee Turnover

Employee turnover refers to people coming into and people moving out of an organization, that is, as the rate of change in the working staff of an organization during a defined period (SHRM 2016). Usually, the term refers to what is sometimes called voluntary employee turnover which is the normal turnover as opposed to people being fired in unusual situations (Mattsson&Saraste, 2002). Similarly, Rossano (1985) defined turnover as voluntary decision to leave or termination of participation in employment from an organization, excluding retirement or pressured voluntary withdrawal, by an individual who received monetary compensation from the organization. Hope and Mackin (2007)

supported this idea by defining employee turnover as part of normal business activity that implies employees join the organization or the employer and separate from the organization as their life situations change.

Abassi et al. (2000) also explained turnover as the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. Besides, Clifford (2012), briefly states that turnover is any departure beyond organizational boundaries. This indicate that the separation of employee from the employer by any means.

The term “turnover” is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Deepa and Stella (2012), supported this definition by defining the term as “employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees”. It means that the assessment of the number of workers an organization should substitute during a given time period to the existing number of workers in an organization. In general, employee turnover is commonly defined as the entry and exit of individuals into and out of the working force of the organization over a specific period of time.

2.2.2 Types of Turnover

There are a few generally accepted forms of employee turnover. The first type of employee turnover is Voluntary and Involuntary Turnover. When employees leave an organization at their own discretion, it is referred to as voluntary turnover (Curran, 2012). According to this definition the turnover is initiated by the choice of the employee. It means the employee has his own choice to quit or occurrences of turnover started at the choice of employees. Katamba(2011), Ronra&Chaisawat (2009) also explained Voluntary turnover as employee decides to end or stop the relationship with the employer for personal or professional reasons or unsatisfied with the circumstances of current job and having attractive alternative from other organization. Thus it is a voluntary phenomenon, which shows to an individual’s self-initiated and permanent termination of membership in an organization. Similarly this idea is also supported by Reiche (2008), Nawaz, Rahman

and Siraji (2009) presenting that, voluntary employee turnover as employee leaves the company with his own intension due to better job opportunity, existing job dissatisfaction, bad working conditions or negative behavior of supervisor. This indicates that voluntary turnover is caused by better job opportunity in other organizations, existing job dissatisfactions due to different factors in the current organization, like bad working condition and unenthusiastic behavior of manager in the current organization (AdugnaTuji, 2013).

Phillips and Lisa R. (2009) listed out some of the reasons why employees leaving their job voluntarily. These are personal dissatisfaction with the job, employer, hours, or working conditions, security, career move; relationships with manager/team leader or with colleagues , payment etc., employee's personal life may include family obligations, education, health, or moving to a new location; Getting hired at a new job for the Reasons better working conditions, better hours, a shorter distance to work, better pay, career progression or preparation for entry into a new career, or a career change; Feared or anticipated involuntary termination.

Involuntary Turnover on the other hand is somehow opposite to voluntary turnover. Mathis, J.E. and D.M. Jackson (2004), Allen, D.G., L.M. Shore & R.W. Griffeth (2003) and Curran (2012), explained that this type of turnover occurs when manager of the organization decides to terminate the relationship between employee and employer comes to an end and is initiated by the employer. In this case employees have no choice in their termination (Abdali, 2011). The reason may be because of organizational bankruptcy or a poor fit between the employee and the organization, desires to decrease costs, introduction of new technology, and organizational restructure. (Ronra and Chaisawat, 2009).

In relation to this Nikunj Patel (2010) presented there are two basic types of involuntary termination: "dismissal" and "layoff." Dismissal refers when the employer's choice to let the employee leave, generally for a reason which is the fault of the employee; and layoff is usually not strictly related to personal performance, but instead due to economic cycles or the company's need to restructure itself, the firm itself is going out of business, or due to a change in the function of the employer (Sonthya Vanichvatana, 2010). This kind of turnover includes retirement, death, and dismissal, as well as resigning to take care of a lethally ill

family member or movement of a spouse to another area (Boxall, P. & J. Purcell, 2003)

The other kind of employee turnover is avoidable and unavoidable turnover. Murray R. Barrick and Ryan D. Zimmerman (2005) explained Avoidable Turnover as it is a kind of turnover that happens in avoidable circumstances; here the organization first of all understands the causes of the turnover then can take corrective action to avoid it. With regard to this kind of turnover organizations can prevent by hiring, evaluating and motivating their employees more effectively (Riia O'Donnell, 2019). For example, if the reason of the turnover is poor working procedure, the management of the organization can avoid the turnover by improving the working procedures. On the other hand a turnover that happens in unavoidable circumstances is called 'Unavoidable Turnover. It results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse, death, permanent disability, and regular retirements and likes (Anantha Raj A. Arokiasamy2013). These kinds of turnover cannot be controlled by the management of the organization(Curran, 2012).

Functional and Dysfunctional Turnover is also the other type of employee turnover. According to Abdali (2011), a turnover in which poor performers leave is explained as functional turnover while a turnover in which good performers leave is known as dysfunctional turnover. In case of functional turnover the poor performer employee can leave the organization in any means and this is because, the poor performer employees can be invaluable for the organization (Abebe Techan, 2016). When these poor performer employees leave the organization, the company can benefited by cutting unnecessary costs that incurred for that poor performer employees. But, in case of dysfunctional turnover, when good performer employees leave the organization it negatively influences the organization by losing employees who benefit that organization (Blen Asegid, 2018).

The other type of classification is 'internal or 'external' type of turnover. When employees of the organization move from one position to another position or from one department to another department or within the same organization, the employee leaves the position or the department and the movement is known as internal turnover (Sarah K. Yazinski, 2009). It is related with the internal recruitment where organizations filling the vacant position by their employee, employees send-off their current position and getting a new position

within the same organization. On the other hand, external turnover is defined as the separation of employees and employer and it can be voluntary or involuntary (Anantha Raj A. Arokiasamy, 2013).

Turnover also classified as skilled and unskilled turnover. In relation to this classification, when inexperienced, unqualified, inexpert, and untalented employees leave the organization, the turnover is termed as unskilled turnover (AyantuShiferaw, 2018). In case of unskilled turnover, without the organization or business incurring any loss of performance, employees can generally be replaced and the positions often face high turnover rate (Siddhartha Sarkar, 2014). Employers do not worry about unskilled employee turnover because of the ease of hiring new ones (C.M. Atiqur Rahman, 2017).

Skilled turnover on the other hand refers to the situation of skilled and educated professionals leave the organization (Abdali, 2011). It may create a risk to the organization while leaving employees. High turnover of skilled employees pose a risk to the business and ultimately in the organization in the form of human capital lost and leads for incurring replacement costs as well as competitive disadvantage of the business (Emeka and Ikemefuna, 2012).

2.2.3 Causes and Influencing Factors That Contribute To Employee Turnover

There are various reasons for which employees resign their engagements in organizations. These can be classified as: pull factors (the attraction of a new job in other organizations) and push factors (may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere) (Kayla Weaver, 2016). In this study focused and explore some of the factors that contribute to employee turnover in more detail below.

The first factor that contributes to employee turnover is demographic factor. Studies have validated that turnover is associated in particular situations with demographic and personnel characteristics of workers such as age, gender, qualification, marital status, experience and tenure (Abdali, 2011). In relation to this factor, Parker and Skitmore (2003) clarified top performing females have turnover rates that are 2.5 times those of their male counterparts and if female managers are more likely to leave their organizations when they perceive a lack of career opportunities within their organizations. Besides, employees

more qualified in their professionalism tend to leave their current organization because they have more opportunity to gain better work than employees who have less qualification (SunitaDodani and Ronald E LaPorte, 2005).

In addition, employees who have married, have children and stabilized family life situation, prefer to stay in organization that they stabilized their family life. This shows the fact that marital status has great influence on employees' turnover (Hailemichael Mulie, 2018). Conversely, employees who do not married and free to move from place to place can have more chance to exercise turnover. In addition, Nawaz, Rahman and Siraji, (2009) explained that employee who have more work experience can leave the current organization since they have more opportunity to gain better work than employees who have less work experience.

The second factor that contributes to employee turnover is lack of opportunity for advancement or growth. This refers to lack of promotion or advancement which mean absence of assignment of an employee to a higher level job within an organization' (Masri, 2009). If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee and raising false hopes for growth and advancement in the position (Basel ALSayyed, 2015). When employees perceive no growth for future or desire to advance within the system, they have no reason to remain in the current work situation. If employees are not properly promoted, they will leave the organization.

Job Satisfaction is the other factor that pays to employee turnover. Here, Job satisfaction refers to the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values (Ping He, 2008). Aziri (2011), Hulling and Dalai, (2009), also explained that it is a multi-dimensional psychological responses to one's job that have cognitive and emotional components revealed by outward (verbalized) and inward (felt) emotional responses. The multi-dimensional responses can be ranged along good or bad, positive or negative phenomenon. Thus, high job satisfaction leads to lower turnover, while low satisfaction leads to higher turnover Randhawa (2007). Thus, Job satisfaction is the most important variable to understand employee's intent to leave the organization. As this explanation, dissatisfied employee has more intention to leave the job Nawaz, Rahman and Siraji (2009).

Further, Compensation (Monetary Rewards) is important factor to deal with Job employee turnover. Employees demand an appropriate level of compensation for their effort that may be offered in monetary (direct) reward, such as salary and bonus, or bundled with other nonmonetary (indirect) reward such as medical insurance and transportation services (Ut Lon IM, 2010). Monetary reward has been defined in such a way like cash or equivalent (includes fringe benefits, medical facilities and provident fund) that an employee receives against his services from the employer helps to raise job satisfaction and likewise suite for minimizing the intent to leave the job (Naas, Raman and Siraji, 2009).

As Abdali(2011) described, compensation plays an important role to retaining employees. Poor compensation is widely known as one of the problems in the organization that leads to employee turnover. Besides, employer should compensate its employees in equitable manner. This leads to reduction in employee turnover. This is because making discrimination during offering compensation may cause employee turnover (Abdali, 2011). Fair compensation policy is very important for both employer and employees.

Besides, according to Shamsuzzoha (2003), one of the most common reasons given for leaving the job is the availability of higher paying jobs. This implies that employee leaves the current organization to gain better payment from other organization. In addition, unequal or substandard wage structures are serious reasons given for leaving the job. This inequity in pay structures or low pay is great causes of dissatisfaction and can drive some employees to quit (kansiimeRonald, 2014).Leadership (Supervision) Styles is also crucial reasons given for leaving the job. According to Rosse (2010), the coordination between managers or supervisors with their subordinates may create impact on employee turnover. It depends on the employee's satisfaction with their supervisors and also the communication skills of supervisors to handle their subordinates (Abdali, 2011).Employees are trusted in how they manage their own time and outputs and they have access to parts of the business previously reserved for management such as strategic, tactical information, and profit.

Peer Group Relationship is also raised as reasons given for leaving the job by employees. According to Abdali (2011), the employee turnover can be seriously effect in that the strong relation among the work group, integration, and satisfaction with the coworkers

decreased turnover. Thus, well-built peer group relations are distant cause of turnover and also a source of job satisfaction that the organization can reduce turnover.

In addition to the above raised factors working environment is also reasons for leaving the job. Employees want to stay within the organizations just have of clean and healthy environment. Since employees prefer to work in environment which suitable for their live, working environment is one of the main causes that influence employees to decide on whether to continue or to leave the organization (Martin, 2014). Therefore, working conditions play vital role to increase job satisfaction and organizational commitment in the labor force community.

Studies also show that Job scope (work assignment) is a reason for leaving the job. Job Scope refers to the density of the job and challenges of the job contents and when it is large and complex, it leads to high satisfaction of employees in that organization (NonoAyiviGuédéhoussou. 2016). In this sense, when employees are satisfied with the works of the organization, it resulted in the reduction of turnover intention. So, Job involvement may discourage employee to exit. Logically, employees who consider engage in their jobs, psychologically, acknowledged with their jobs, may feel bound to jobs (Abdali, 2011). This implies that when employees are assigned to the position according to their profession and specification, they are more interested and satisfied with their work, and the working environment becomes clear for employees to accomplish intended organizational objectives and objective accomplishment lead to job satisfaction (Ovidiu-IliutaDobre, 2013). Besides, a bad match between the employee's skills and the job underutilized may become discouraged and quit the job.

Similarly, the characteristics of the job are also a reason for employees turn over in an organization. Some jobs are intrinsically more attractive than others. According to Manisha Purohit (2016), a job's attractiveness will be affected by many characteristics, including its repetitiveness, challenges, danger, perceived importance and capacity to elicit a sense of accomplishment. In this regard, Curran (2012) explains that Individuals will be satisfied with the job when their expertise, abilities, knowledge and skills are fairly utilized by the organization and when the organization grants opportunities.

Further, if working conditions are inferior 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 (J Burton, 2009).

In addition, an employee needs to be appreciated. Since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their works (Bennett Conlin, 2019). Otherwise if employee's feelings of not being appreciated, they could want to leave the job. Together with this factor, inadequate or uninspiring supervision and training is also a reason for leaving a job. Employees need guidance and direction. New employees may need extra help in learning an unfamiliar job. Similarly, the absence of a training program may cause workers to fall behind in their level of performance and feel that their abilities are lacking (Christine Muiruri, 2012).

It is known that employee turnover is expensive from the view of the organization and has some significant effects on organizations (Cantrell and Saranakhsh, 1991; Dyke and Strick, 1990; DeMicco and Giridharan, 1987; Denvir and McMahon, 1992). In relation to its effect, it is observed that in the United States estimated at \$40 billion a year, in Canada \$12 billion and in Germany DM 60 billion and South African organizations millions of Rends is Staff turnover costing in decreased efficiency(Robbins, 2003).

In relation to this, Page (2001) also illustrated that; a major concern for businesses is the increase in the rate of labour turnover which is affecting organizational performance. Gardner (2009) further asserts its devastating effects on service rendered by the organization and these may bring deficits in meeting customer demand leading to customer irritation and increase in complaints. Staff turnover is costly that it reduces the output and disruptive (Steers, 2002). This is true in banking industry as staff turnover causes the organization to lose a lot of money.

Labor turnover represents a migration of human capital from organizations and the subsequent replacement process entails manifold costs (Fair, 1992). Replacement costs include search of the external labor market for a possible substitute, selection between competing substitutes, induction of the chosen substitute, and formal and informal training of the substitute until he or she attains performance levels equivalent to the

individual who quit (John 2000). The costs of recruiting and engaging new members of staff affects the direct costs like advertising, agency fees, paper work and interview time (Mullins 2005). Turnover has many hidden or invisible costs and these invisible costs are result of incoming employees, co-workers closely associated with incoming employees and with departing employees and position being filled while vacant (Philips, 1990). Besides the issue also articulated by Robbins and Decenzo (2001) as hidden or indirect costs, like the expenses incurred in training and supervising new entrants, as well as those they are replacing and overtime that may have to be paid during staff shortages. In addition to these replacement costs, output would be affected to some extend or output would be maintained at the cost of overtime payment. Increased wastage and losses also are the other costs while new staff settles in.

The effect of turnover on customer service and satisfaction might be a delay of service delivery while waiting for the replacement staff to arrive (Kemal et al., 2002). This supported by the explanation of Ziel and Antoinette (2003) that there might be production losses while assigning and employing replacement staff. Often the organization experiences a waste of time due to inexperienced replacement of staff.

The effect of employee turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness (VuyisileMabindisa, 2013). The morale of staff may be lowered because work overload, overtime work, substitute personnel and working with fewer staff than required is problematic (Lydia OongeMokaya, 2014). This causes an increase in errors during the performance of activities and results in poor service. That might lead to lost revenue from sales not made, the loss of customers who fled to competitors for better service (Page 2001). The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees. With regard to this Neo, Hollenbeck, Gerhart and Wright, (2006) explained that it can have a negative impact on other employees by disrupting group socialization processes and increasing internal conflict. Many researchers argue turnover should be managed properly to avoid the negative effects on remaining employees' morale, which may influence them to leave and on the profitability of organizations (Hogan, 1992; Wasmuth and Davis, 1993; Barrows, 1990).

In addition, staff turnover rates further, de-motivated employees or to be defensive in their work and feel isolated from their colleagues, which create a hostile and an unworkable environment (AyalkbetAmdemariam, 2013). As a result of its employees become selfish and focus on their needs and not those of their colleagues or customers.

In general, Nel, et al. (2004) listed out some of the factors that impact on staff turnover and organizational effectiveness as increased customer complaints about the service; the quality of service is decreasing because of staff shortage, the replacement staff may be unfamiliar with the unit and task or duties to be performed; therefore inefficiency and errors may result. Therefore, if employee turnover is not managed properly it would affect the organization adversely in terms of personnel costs and in the long run it would affect its liquidity position (H Ongori, 2007).

To sum-up, LpdnvFlorea(2013) listed out effects on employers direct recruitment costs as follows. That are recruitment administration, Selection costs (traveling expenses for candidates, psychometric testing staffs time in interviewing or running assessment centers, checking references); development costs (training the new employee using formal and informal development methods, induction training) ; administrative costs associated with resignations (pay-roll arrangements, calculation of holiday entitlements, pension transfers, conducting exit interviews),administrative cost, cost associated with new starters (contract writing, medicals, sending out documentation, issuing uniforms, parking permits, identity badges, company cars etc, relocation expenses for new starter), Inefficiency in production or service provision (resulting from slackness on the part of the resigned, inexperience of the replacement employee and inefficiencies resulting from a period in which the vacancy is unfilled). Further, overtime and costs of hiring temporary workers (during the period between resignation and the hiring of a new member of staffs), the team spirit among the workers is distributed due to high staffs turnover as newly recruited very often. In addition the market reputation of the employer is adversely affected due to high staffs turnover and May not be able to meet customer orders and expectations on timely manner. These costs also appreciated by Stephen (2004).

There are ways to measure the effects of turnover on organization performance. The broad organizational performance measures, viz. organizational, operational and financial

performance, show correlations with turnover rate. Operational and financial performance show different correlations with total employee turnover rate (R.Rijamampianina, 2015).

2.2.4 Mitigating Strategies of Reducing Employees' Turnover

These days strategies on how to minimize employee turnover is challenged with problems of employee turnover. As a result, organizations identify and suggest possible mitigating strategies of reducing turnover of employees' in their organization. To deal with this issue, one of the largest factors that determine employee turnover rates is the workplace atmosphere (Linda, 2002). Providing a stimulating workplace environment, which fosters happy, motivated and empowered individuals, lowers employee turnover and absentee rates. It is vital promoting a work environment that fosters personal and professional growth promotes harmony and encouragement in all levels of organization (Martin, 2005). Training is the other factor that determines employee turnover and is important providing the individual with the necessary skills to perform their job beginning on the first day of work. In relation to this, Robert (2006) suggested that continual training and reinforcement develops a work force that is competent, consistent, competitive, effective and efficient. Fredrick (2010) also adds that before the first day, it is important the interview and hiring process expose new hires to an explanation of the company, so individuals know whether the job is their best choice. Johnston,(1997) argued that organization that is not committed to employees skills development discourages exposure of employees to career development programs and this contributes to realization of increased staff turnover. Thus, employers can keep their employees informed and involved by including them in future plans, new purchases, policy changes, as well as introducing new employees to the employees who have gone above and beyond in meetings (R Nyaga,2015). Taking the time to listen to employees and making them feel involved will create loyalty, in turn reducing turnover allowing for growth.

The other important determinant is remuneration which is the most common cause of the employee turnover rate being so high. Companies that do not offer good salaries, tend to face the highest turnover. To avoid this scenario, companies should strive to be competitive enough in order to retain qualified and talented personnel. Abraham (2009) and Gupta (2008) affirmed that employees always drove to companies who offer more

benefits. Thus, the employers need to reduce their bureaucratic procedures in order for the employees to receive the best available benefits without any difficulty. They should make a note of what all benefits other organizations are providing, which may attract their current employees (Gupta, 2008).

A study by Nelson (2009) found out that salary scale is the most common cause of the high employee turnover rate in many institutions. So, the employers should make it a point to offer salaries that would be competitive enough to retain and attract well-qualified and talented personnel. In addition, the companies need to evaluate and modify their promotion policies in a fair way which would enable promotions for candidates only on the basis of employee performance (Richard 2008).

Besides communication is the other factor that determine staff turnover. According to AyshaSadia(2016), the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organization. People grow professionally and personally, and good employers are able to accommodate these changes in the circumstance (L. Brewer, 2013). Employers who communicate regularly with employees lessen the risk of creating a workforce that feels undervalued and unappreciated. Robinson and Alex Martin (2018) explained that keeping employees informed about organizational changes, staffing plans and fluctuating business demands is one way to ensure employees remain with the company. Neglecting employee concerns about job security through lack of communication or excluding employees from discussions that can affect their job performance, such as policy or procedural changes, negatively impacts the way employees view their employer (Miguel, 2008). Knowledge accessibility, the extent of the organization's cooperativeness and its capacity for making knowledge and ideas widely available to employees, would make employees to stay in the organization. Sharing of information should be made at all levels of management (H. El-Farr ,2019). This accessibility of information would lead to strong performance from the employees and creating strong corporate culture Meaghan et al. (2002). Therefore; information accessibility would make employees feel that they are appreciated for their effort and chances of leaving the organization are minimal. All these makes employees to be committed to the organization and chances of quitting are minimal.

2.3 Empirical Literature Review

A research was done by Tilahun A. and Desalegn K (2019) on “The Effect of Employee Turnover on the Efficiency of Pharmaceutical Fund and Supply Agency (PFSA)” with an objective of assessing the effect of staff turnover on organizational (PFSA) efficiency. They applied Methods of cross-sectional descriptive study and Using sample size determination formula 96 respondents were obtained from 478 permanent employees of target population in their research. They collected data through structured questionnaires and were analyzed using the version 20 SPSS. Descriptive statistics (mean, standard deviation, variance, and percentage) was computed and summary results were present using tables and graphs. Chi-square test was compute to see the association and proven the research hypothesis. Result: A total of 96 respondents were participated. The result showed that majority 90 (93.8%) of the respondents were responded PFSA has experience of employee turnover. A mean of 4.05, 4.00 of respondents agreed that lack of incentives and poor wages, low level of employee motivation, were the reasons of employee turnover respectively. Even though 50 (52.1%) of the respondents

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The other research was one by Nelly Anzazi (2016) on the impact of high staff turnover on productivity: a case of Telkom Kenya limited seeking to determine the factors behind the

exceptionally high employee turnover rates at Telkom Kenya Limited. To do this, the researcher was focus on getting vital insights from past employees at Telkom Kenya Limited and also incorporates a comprehensive review of past literature on this topic. The quantitative research method was utilized in this research to help further comprehend the research question. This project finally identify three factors were determined to cause the high employee turnover rates in this sector. They include; low levels of employee motivation, inadequate wages and finally, work-life balance that have to be adequately addressed to boost the employee retention rates at Telkom Kenya Limited. The research project has outlined a variety of recommendations including, regular periodic training, better wages, employee recognition and much more.

Research done by Zeeshan Ahmed etal., (2016) on Impact of employee turnover on organizational effectiveness in Tele Communication sector of Pakistan. The target population for this research study was the employees of telecom sector of district D.G.Khan and Multan. For this study, survey method was adopted by floating questionnaire which served as a tool for collecting research data. The results of this study have revealed that employee turnover depending upon factors such as (firm stability, pay level, industry, work situation, training and supervision) have significant impact on organizational effectiveness; these factors are correlated with each other as well.

P. Ampomah and S. K. Cudjor (2015) conducted a research study focused on the effect of employee turnover on organizations with reference to the Electricity Company of Ghana (ECG). The research design used in this study was the quantitative approach, which allowed the researcher to use structured questionnaires in collecting data. The simple random sampling technique was used to select forty respondents from all levels of management in the company. A high response rate of 95% was obtained using the personal method of data collection, based on which the analysis was made using the frequency tables. The study found that lack of promotion was the primary cause of employee turnover in ECG. Turnover, however, had dual effects on the organization; positive and negative effects. Whiles employee turnover introduced new ideas and skill into the company; it's also led to difficulties in attracting new staff. To reduce the rate of turnover, management should review condition of service for employees; and also ensure

that the working environment is conducive.

A study conducted by Rasoava (2015) in South Africa on “Employee turnover rate and organizational performance in South Africa”, yields a better understanding of the implications of employee turnover on organizational performance. Through the knowledge and understanding of the impact of employee turnover rates on organizational performance, a multidisciplinary approach to human capital management can be advantageous to manage a shift in human resources to benefit organizational performance. Also, the development of employee value propositions, retention strategies and initiatives to address dysfunctional voluntary employee turnover rates should take cognizance of the fact that any shift in employee turnover rate affects organizational (financial) performance.

The other important study conducted by Lejaras Paul Lemuna (2014) was the “effect of employee turnover on performance of Organizations” on Tobacco Kenya limited. The purpose of this study was to investigate the effects of employee turnover on performance in an organization with reference to Mastermind tobacco Kenya Limited. The researcher used both primary and secondary data. The researcher used primary data collected using self-administered questionnaires with both open and close ended questions. The data was put in appropriate tables first before being used in descriptive statistical graphs. The data was presented in tables and graphs since it is a visual way to look at the data and see what happens and make interpretation.

The major findings of the study revealed that employee turnover affects the general performance of the Mastermind tobacco Kenya Limited, that there is a relationship between employee turnover and recruitment cost, that the effects of employee turnover in terms of training costs proved to be negative on the organization's performance and finally that there is a relationship between employee turnover and employee morale. The researcher recommended for minimization of employee turnover owing to the fact that it will save the organization on the time and money spent on recruiting and training of new employees hence this will give the management humble time to concentrate on the core business of the entity for example on research and development of the employees.

Saba Sattar(2014) conducted a study on Factors Effecting Employee Turnover in Banking Sector. This study came with the conclusion that employees have tried to work with energy, capability and purpose even if they are not provided with the support; they need to achieve their tasks with morality. They are more intensive to avoided stress and at their work place reduce directly affects their performance. If avoided then turn-over are extraordinarily high and in this feasible business world of today, if such be the ratio of employee turn-over then organizations could let-down. This finally indicates to increase the working situations and the working relationships among employees in the organizations. If the employees becoming slightly stress through the job, they desired to leave for few days and taking rest at home. The relation with the employees and Supervisor should be positive, close and good. It is imperative for the firms to deliver friendly environment for holding and developing the employees. Development of employees is the ultimate development of Organization.

A study done by Maryam Farid Mote (2014) was intended to assess the impact of employee turnover on organization performance at Barclays bank Tanzania Limited in Dares Salaam region. The objectives of this study was assessing the impact of employee turnover on organization performance and investigating the causes of staff turnover in Barclays bank Tanzania Limited and finally recommending strategies that can be used to reduce the high level of employee Turnover in Barclays bank Tanzania Limited. In this study the researcher collected data through Questionnaires, Interviews and documentary Review. The research design used in this study was the quantitative approach, which allowed the researcher to use structured questionnaires when collecting data. The targeted population was the employees across Dares salaam branches which consisted a sample size of 100 employees and he was used simple random sampling.

The findings of this research highlighted that high staff turnover increases work load to the present employees in Barclays bank Tanzania Limited and it also causes reduction in effective service delivery to the customers and reflects poorly on the image of the Barclays bank Tanzania Limited. The findings recommended that top management should pay a marketable salary to employees and the employees must be rewarded if they have achieved their goals also develop opportunities for career advancement in Barclays bank

Tanzania Limited. The study concludes with direction for future research

A research conducted by Akeke, Niyilsrealetal., (2013) on the effect of Labour turnover on Performance in Nigerian Banking Industry (A Case of Ado-Ekiti Metropolis, Ekiti State) aiming that to examine labour turnover relationship with the performance of Nigerian banking industry. In this study, survey method was used; the population of the study comprised the entire commercial banks in the three senatorial districts of Ekiti-State, Nigeria. Sample size of 34 officers of current employees out of total population of 51 officers was used while 51 out of total population of 68 ex-employees were used. The finding shows that retrenchment, unrealistic target, leadership style, training and job insecurity have a positive relationship with performance while excessive workload shows negative relationship with the performance.

A research by Amare T/Tsdik (2013) on “causes of turnover and its effect on organizational performance the case of Nib Insurance S.C” found that the basic positive effect of turnover are displacement of poor performer and induction of new knowledge and on the other hand decreasing performance, high cost of replacement, training and development of new employees and unfulfilled daily functions and work load on the existing employees are the basic negative effects of employee turnover. The basic solution to minimize employee turnover in the company which is recommended by respondents are increasing salary scale, and reduce work load of employees in some departments. In his finding he concludes that apart from its cost implications labor turnover can be disastrous if not well controlled. The positive effect of controlled turnover are displacement of poor performer and induction of new knowledge on one hand and on the other hand if turnover is out of control it has negative effects such as decreasing performance, high cost of replacement, high cost of training and development of new employees and lower productivity due to work load on the remaining employees.

A research on “A Qualitative Study on Causes and Effects of Employee Turnover in the Private Sector in” by Anantha Raj A. Arokiasamy (2013) concluded that Employees are the backbone of any organization, they need to be motivated and maintained in an organization at all cost to aid the organization to be globally competitive in terms of providing quality products and services to the society. We need to emphasize the

importance of employee retention and that the impact on the organization.

D. Rajan (2013) undertaken research with the objectives of analyzing impact of turnover of nurses on organization performance and offering suitable suggestions to control and prevent turnover of nurses. It was survey based descriptive research work and adopted both convenient and judgment sampling methods and sampled 30 administrators from 30 leading privatemultispecialty hospitals in Tirunelveli city, Tamilnadu, India. Primary data have been collected by a constructed questionnaire along with personal discussion. The research has found excessive work load for remaining staff, delay in daily routine procedures, poor patient satisfaction and complaints from patients are foremost impact of turnover of nurses in private hospitals.

In addition , a research focusing on the impact of staff turnover on organizational effectiveness and employee performance in the Department of Home Affairs in the Eastern Cape Province done by VuyisileMabindisa (2013). The research design used in this study was the quantitative approach, which allowed the researcher to use structured questionnaires when collecting data. A pilot study was conducted to test the questionnaire and survey method was used in this study because the target population only composed of 100 employees. The findings highlighted that high staff turnover increases work load to the present employees in the department. And it also causes reduction in effective service delivery to the customers and reflects poorly on the image of the Department. Other findings suggested that unhealthy working relationship may also be the cause of staff turnover in the department.

The other research was done by Ovidiu-IliutaDobre (2013) on employee motivation and organizational performance aiming to analyze the drivers of employee motivation to high levels of organizational performance. He rose that motivation and performance of the employees are essential tools for the success of any organization in the long run. On the one hand, measuring performance is critical to organization's management, as it highlights the evolution and achievement of the organization. He also argues, there is a positive relationship between employee motivation and organizational effectiveness, reflected in numerous studies. If the empowerment and recognition of employees is increased, their motivation to work will also improve, as well as their accomplishments

and the organizational performance. Nevertheless, employee dissatisfactions caused by monotonous jobs and pressure from clients, might weaken the organizational performance. Therefore, jobs absenteeism rates may increase and employees might leave the organization to joint competitors that offer better work conditions and higher incentives.

Research done by Milanzi (2008) on Assessment of the causes and effects of labour turnover on banking industry, the case study design sampled 82 respondents to represent a population of Tanzania Investment Bank staff, she found out that the turnover was mainly caused by low remuneration packages, unequal treatment among employees and lack of communication between the management and staff of other department. She recommends that promotion and salary increments should be clear and open to every employee. Employees should be encouraged to read and understand human resources policy. Also all members of staff need to have information about organization production, its customers, its performance compared to the competitors, the strategy to win the market and their benefits. The researchers have tried to find out the reasons for employee turnover in which their conclusion based on the job satisfaction. However, they did not indicate the effects of employee turnover.

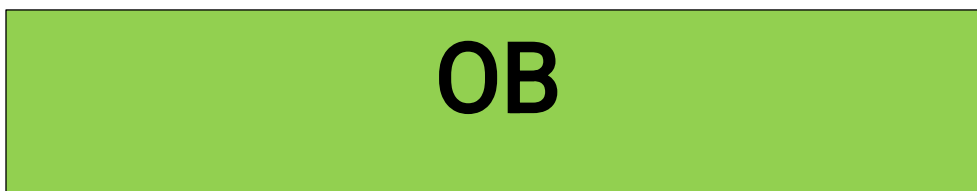
Mekonnen Negash (2004) conducted a research on the effects of job satisfaction on employees' turnover intention in Addis Ababa branches; the main purpose of his paper was to examine the effects of job satisfaction on employees' turnover intention in Addis Ababa branch. In his study high staff turnover in Bank is a concern as large as 7.16%. Majority of these were from the operational areas whose release impact on the bank's profitability. The study was done based on primary and secondary data sources. Partly descriptive and partly causal or explanatory research design was followed and applied mixed research method. The collected data were analyzed using descriptive statistics and multiple regressions. The result revealed that only satisfaction from promotion opportunity has negatively and significantly related to intention of employees' turnover. The study recommends that the management should examine and improve the existing HR policy and procedure on promotion opportunity which can guarantee transparency and fairness to the employees of the bank to keep them satisfied on their job and retained in

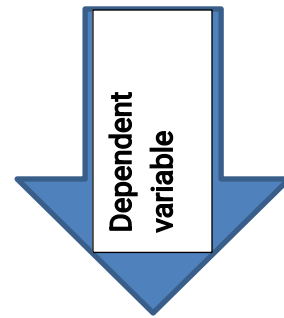
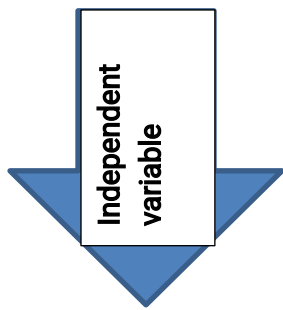
the bank

2.4 Conceptual Framework of the Study

The following proposed conceptual model serves as a base for this research study. The main theme of this research is to show the relationship between employee turnover, which is the main independent variable and organization performance is the dependent variable. By using this conceptual framework different possible hypotheses have been developed to check the important relationships between employee turnover and organization performance below.

Figure1. Conceptual framework Conceptual framework



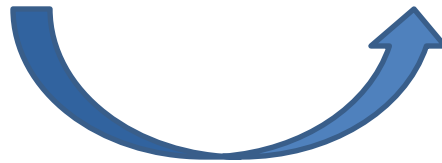


Employee turnover

Organizational performance

Career development opportunities
Promotional opportunities
Poor quality of the job training
Lack of transfer opportunities
Good accommodation
Staff training and development
Higher salary has influence my exit
Motivation
environmental conditions
Health benefits and other incentives
Peer influence
Options for flexible work schedule

**OB
Performanc
e**



CHAPTER THREE RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

The chapter focused on the following sub-sections: research design, target population, sample and sampling techniques, data collection procedures, data analysis and presentation, ethical considerations, and finally, a chapter summary.

3.2. Description of the Study Area

The study would be conducted in Addis Ababa City on the OB. Oromia Bank S.C began operation on 25 October 2008G.C. With its headquarters located in front of Dembel City Centre, near Getu Commercial Center in its own 13 story building on Africa Avenue (Bole Road). Established with the commercial banking business objectives, OB is undertaking a universal commercial banking services such as deposit mobilization, lending of money, remittance service, and international banking services and interest free banking. The Bank has now launched Electronic banking systems such as Card banking known as Oro-Card (ATM and POS), Mobile Banking named as Oro-Cash, Agent Banking-Oro Agent and Internet banking namely Oro-Click. The number of OB HO has now reached 225 throughout Ethiopia all connected by core banking system. The Bank is now one of the most influential and popular private banks in Ethiopia and also known for pioneering Interest free banking services.

3.3. Research Design

Research designed shows the detailed plan of how the research work will be conducted. For the purpose of this study mixed research approach with convergent parallel method was employed to create full understanding of the topic under study. It is because mixed research method enables to work creatively by collecting, both quantitative and qualitative data simultaneously, merge the data, and combining both quantitative and qualitative methods in a ways that utilize the strengths of each and minimize weaknesses of one approach within a single study to create an in-depth understanding of the topic under

study (Ary, D. Jacobs, L. C. Sorensen, C. & Razavieh, A. 2010; Creswell, 2014).

The study adopted both a descriptive research design. This is because since the study intendeds to gather quantitative and qualitative data that describes and explain the nature and characteristics of the effects of employee turnover on organization performance.

3.4. Research Approach

There is a tendency to divide research into quantitative, qualitative and mixed based on type of data utilized as the criterion for classification. Quantitative approach uses statistical methods in describing patterns of behavior and generalizing findings from samples to population of interest, and employs strategies of inquiry such as experiments and surveys. On the other hand, qualitative a research technique is appropriate when the need to capture accurate and in-depth insights is necessitated (Creswell J. W, 2009). Thus, in order to have better findings, mixed research approach will be applied in this study to get insight to the nuances of the process for best selection of methodology tools that fitted best to the respective stages undertaken along the research process. It is a systematic and scientific investigation of quantitative and qualitative properties, and their relationships.

3.5. Target population

A population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study, it may be a person, individual, organization, country, object, or any other entity that researchers wish to draw scientific inferences about (Kelley, Clark, Brown & Sitzia, 2003). According to Oromia Bank 2021 annual report, the total number of employees working in the organization is 6129. However, given both time and resources limitations it is found appropriate to reduce target population to specific manageable area. Accordingly, the target populations of the study, in this regard, were employees of Oromia Bank S.C working at Head Office.

Besides, reason for selecting Head office staff as a respondent emanates from the fact that, over a past 3 years there was higher turnover rate than that of registered at district and branch level.

3.6. Sampling Technique

In this study, the researcher employed both probability and non-probability sampling techniques. From probability sampling techniques proportional stratified sampling techniques was employed select respondents from staff other than top managerial positions because this sampling technique gives more representative sample than simple random sampling for population in each directorate and department and enables the researcher to study the differences that might exist between various subgroups (Ary et al , 2010).

Additionally simple random sampling with lottery method was employed to select staff from each directorate and department. Purposive sampling technique based on Maxwell (1996) statement cited in Hamed Taherdoost (2016) is a strategy in which particular settings persons or events are selected deliberately in order to provide important information that cannot be obtained from other choices. Besides, Ma Dolores C. Tongco (2007) asserted that purposive sampling technique is applicable to both qualitative and quantitative research, cost effective, convenient and not time consuming which in turns is favorable for effective completion of the study. In this regard, top level managerial staffs were deliberately selected to obtain reliable data as they are key informant. These include President, Vice presidents and chief executive officers.

3.7. Sample Size Determination

As a general rule, the sample must be of an optimum size i.e. it should neither be excessively large nor too small (Kothari, 2004). Sample size can be determined using certain formula in the case of quantitative study, whereas, in qualitative study, determining sample size is entirely a matter of judgment, there are no set rules (Cohen, Manion, and Morrison, 2000).

Based on the data obtained from the Oromia Bank S.C, there are 625 total employees at Head office serving at different echelon along Organizational hierarchy.

Sample size of teachers was determined using Yamane formula. According to Israel, G. D. (1992) Yamane formula provides a simplified procedure to calculate sample sizes. To do this a 95% confidence level and precision level of $P = .05$ was assumed because

in the social research a 5% margin of error is assumed acceptable and 95% (0.05: a Z value equal to 1.96 levels of confidence can be typically used (Taherdoost, 2017).

Accordingly the formula employed for calculating sample of instructors was;

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

Where n is sample size of respondents, N represents total target population of respondents and e is a level of precision. Applying the formula to the above sample

$$n = \frac{625}{1+625(0.05)^2} = 243.90 \text{ rounded up to 244 respondents.}$$

Table 3.1 Summary of Sample Size and Sampling Techniques

SN	Department	Populati on	Sample Size	Sampling Techniques
1.	Chief risk management	66	25	Simple Random Sampling
2.	Internal Audit	82	32	Simple Random Sampling
3.	Legal	20	8	Simple Random Sampling
4.	Chief officer corporate strategy & transformation management	68	27	Simple Random Sampling
5.	Deputy chief officer marketing & partnership	35	14	Simple Random Sampling
6.	Deputy chief officer corporate services	41	16	Simple Random Sampling
7.	Deputy chief officer Human Resources	61	24	Simple Random Sampling
8.	Chief officer IT Infrastructure & Services	71	27	Simple Random Sampling
9.	Chief Officer IFB	30	12	Simple Random Sampling

10.	Deputy chief officer Credit operation management	24	9	Simple Random Sampling
11.	Chief Officer Corporate banking & International Trade	102	40	Simple Random Sampling
12.	Chief officer Retail & CRM Banking	25	10	Simple Random Sampling
Total		625	244	

Accordingly 244 (39.04%) were selected and the sample size of 39.04% is acceptable as the sample size of 10% from large population is recommended adequate by Mugenda and Mugenda (Mugenda and Mugenda cited in Nyakomitta, 2015). Hence, to keep proportionality, from each Directorate 39.04% respondents were selected using simple random sampling specifically lottery method. Adding on to this, HR Manager was selected purposively as they were information rich respondents. Thus the total sample size for this study was 244 (39.04 %) respondents.

3.8. Data Sources and Types

To answer the basic research question both primary sources of data were gathered and analyzed. The first hand data was gathered using questionnaire and interview from Oromia Bank staffs such as Chief Officers, and directors department and Division heads. Additionally primary data was gathered by reviewing different relevant documents such as national OB proclamation, directives, manuals and Guideline, strategic documents, and activity reports. Moreover research work of scholars was used as 1st hand source of information to compare the result of this study with the finding of others.

3.9. Data Collection Instruments and Procedure

According to Hair et al. (2003) cited in K. Braunsberger, R. Gates, D. J. Ortinau, (2003), there are a variety of data collection methods available to researchers for the acquisition of primary data, but self-administered questionnaires remain among the most popular methods. Due to this fact, the study shall employ primary data which would be collected through self-administrated questionnaire from the sampled respondents and unstructured questionnaires from selective management members

who has familiarity with financial concerns. Before using instruments for actual data gathering pilot test was conducted to check reliability and validity of instruments.

The questionnaire was prepared in line with the objectives of the study to obtaining some demographic and general data about the respondents and the bank, investigate the factors affecting the company's turnover and focus on the employee's turnover measurements. The questions were semi-structured having both close-ended and open ended to get detailed information on the issue under study. The unstructured interview was prepared to gather information from selected top management of the bank. Unstructured type of interview question is prepared to enable respondents a freedom to express their feeling about each question.

3.9.1. Reliability and Validity of Instruments

A. Reliability

Reliability is the extent to which a measurement procedure yields the same answer however and whenever it is carried out. Reliability was invented by Samuel Taylor Coleridge. To ensure the reliability of the instrument in this case of study and the researcher has tested the reliability using Cronbach's Alpha (α). Cronbach's Coefficient (α) is calculated to estimate the internal consistency of reliability of a measurement scale. Cronbach's alpha coefficients should fall within a range of 0.70 to 1.00. (Sun, Chou, Stacy, Ma, Unger and Gallaher, 2007). Accordingly, the variable coefficients less than 0.6 are considered poor, coefficients greater than 0.6 but less than 0.8 are considered acceptable and coefficients greater than 0.8 are considered good (Kirk and Miller, 1986).

Cronbach's alpha coefficients are calculated to estimate the reliability of the questionnaire in producing consistent result if administered at different time. Additionally it is used to check how far items under each variable have internal consistency to produce appropriate results. From the summary of test result presented in the table below, the result for items under cause reliability result of Cronbach α .923 is high and implies items are internally consistent and appropriate if administered for actual data gathering. Similarly result of items under Effects of Cronbach α .961 implies there is high internal consistency among items and the questionnaire is appropriate for gathering data.

Table 3.1 Summary of Reliability test result of Questionnaire

Variables	Reliability Statistics	
	Cronbach's Alpha Based on Standardized Items	N of Items
Items under Cause	.923	9
Items under Effects	.961	10

Validity

“Validity refers to the extent to which a test measures what we actually wish to measure” (Kothari, 2004). Validity is the strength of our conclusions, inferences or propositions. It involves the degree to which you are measuring what you are supposed to, more simply, the accuracy of your measurement. It is believed that validity is more important than reliability because if an instrument does not accurately measure what it is supposed to, there is no reason to use it even if it measures consistently. To check the validity the initial questionnaire has been given to a group of referees to judge its validity according to its content, clearness of its meaning, appropriateness to avoid any misunderstanding and to assure its linkage with the study objectives.

First, the researcher examine that the underling theory of the study has a strong conceptual basis and be based on well-validated constructs. Consulting subject matter experts in the area like research advisor and course instructors and Feedback collected from the selected friends by the sample of questionnaire distributed to check the validity. In this research content, the research was questionnaires that their validity is checked and modified according to the specific topic. Prior to the actual data collection, pilot test was tried to conduct by distributing sample questionnaires to 30 respondents in the bank.

3.10. Data Analysis Methods

The primary data to be collected through self-administrated questionnaire was be analyzed using both descriptive and inferential statistical analysis. So, Statistical Package for Social Sciences (SPSS) software version 25 was applied.

Descriptive statistics was mainly used to organize and summarize the demographic and general data of the respondents and the company in terms of percentage,

frequency, mean, and standard deviation. While, inferential statistics was used to test the effect of independent variable on dependent variable. Accordingly, linear regressions of was employed. The result of quantitative data analysis was presented in the form of tables and in narration e in order to make all the data readable and understandable. Qualitative data obtained from interview, questionnaire and documents were analyzed thematically using narration. Accordingly, narrative analysis that involves the reformulation of stories presented by respondents taking into account context of each case and different experiences of each respondent will be employed.

3.11. Ethical Considerations

As the study depends highly on personal information of the respondent, ethical principles were considered all the way through research activities and effort was made to ensure the confidentiality of the data to safeguard their privacy through maintaining anonymity of the participants, by removal of names and details from quotes and descriptions that may reveal the identity of an individual. Moreover, cover letter of questionnaire describing the purpose of study, voluntary nature of their participation, their right to withdraw at any time and confidentiality of their responses was prepared.

CHAPTER FOUR DATA PRESENTATION, ANALYSIS & INTERPRETATION

4.1 Introduction

This chapter gives details on the introduction, the presentation, and the findings as per the research objectives, and finally the chapter summary, a case study of Oromia Bank.

4.2 Data Presentation

This chapter focuses on the presentation of data obtained from the questionnaire given to the sampled staff members of Oromia Bank S.C respondents with the intention of examining the impact of employee turnover on organizational performance in Oromia Bank SC. The analysis and discussion of the results are offered in this chapter. The results from the questionnaires that followed the respondents' insights into the questionnaires are shown in full below. Additionally, the outcome of the interview with the bank's top management is presented. That suggests that the analysis and

discussion in this chapter are based on the replies to research questionnaires, interview questions, and secondary data that were gathered from the bank.

4.1.1. Survey Responses Rate of the respondents

This research study intended to assess the effects of staff turnover on the performance of Oromia Bank S.C with a focus on the Addis Abeba headquarters. Employee turnover is a costly problem for many businesses, including this bank. Simple random selection and stratified sampling methods were used to select the HO employee. As a result, 244 survey forms were distributed to staff members at the Oromia Bank SC headquarters in Addis Abeba.

4.1.2. Demographic Characteristics of the respondents

Bank's excellence and profitability depends on the quality and quantity of staff which can be described using demographic characteristics such as sex, age, educational qualification, academic rank and position. The demographic aspects of respondents considered here include sex, age, and educational qualification, and year of services. These demographic characteristics influence turnover status and needs to be considered. Confirming this C. M.Agyeman, & V.M. Ponniah (2014) stated that "*retention factors are strongly associated to different demographic characteristics of gender, age, marital status, qualification, income, and years of service.*"

Thus, the table above shows gender percentages of respondents, the research wanted to identify the gender of the sample respondents.

Table 4.1 Responses with General Demographic Details

Demographic Characteristics		Frequency	Percentage (%)
Gender	Male	136	55.70%
	Female	108	44.30%
Age	18-25 years	16	6.60%
	26-35 years	160	65.60%
	36-45 years	64	26.20%

	46-55 years	4	1.60%
	56 and above	0	0.00%
Marital Status	Married	81	33.20%
	Single	157	64.30%
	divorced/ separated	5	2.00%
	windowed	1	0.40%
Educational status or qualification	12 Complete	12	4.90%
	Diploma holder	33	13.50%
	first degree	170	69.70%
	second degree	29	11.90%
		0	0.00%
worked in this organization, length of service years	1-5 years	161	66.30%
	6-10 years	67	27.60%
	11-15 years	7	2.90%
	16-20 years	4	1.60%
	21 and above	4	1.60%

With regard to the gender distribution of the respondent 136 (55.7%) of them were males and 108 (44.3%) of them were female respondents which showed a fair representation of both genders. As gender has impact on employee turnover confirmed by Luekens et al. (2004) who suggested that most clearly that retained employees are more likely to be male than female, proportional representation of both gender makes the finding of this study to be reliable.

As illustrated in the above table, the breakdown of the age representation of the sample respondents used in this research shows that 26-35 represented 160 (65.6%) from the total respondents that is the majority followed by age groups between in the age of 36-45 accounting to about 64 (26.2%). In addition, those between 18- 25 years of age represented 16 (6.6%) and finally 4 (1.6 %) of the respondents were at the ages between 46-55 years. Age determines the level of turnover which is confirmed by Borman and Dowling (2008) who found that indicated that those who are 51 years of age or older are more likely to quit than younger. For this study this implies that, as there are high young age groups, the turnover needs to be low.

Concerning the educational status of the respondents is concerned; the study wanted to determine the highest education level held by the respondents and hence requested the respondents to indicate their highest level of education qualification. Thus, the majority of employees 170(69.7%) have First Degree level of education whereas 29 (11.9%) of the respondents had Second degree level of education. Respondents accounting to 33 (13.5%) had college Diploma level of education. This indicates that most of the respondents were academically qualified in their respective job undertakings. According to C. M.Agyeman, & V.M. Ponniah (2014) the more educated employees are, the more likely they are to quit their job and as majority of employees of the bank has degree and above hence there is turnover intention.

As observed from the above table, the survey result indicated that a total of 161 (66.3%) of the respondents participated in this research were between 1 to 5 years of service, followed by 36% of the employees which had 6 to 10 years' service in their organizations. Besides, a total of 6.1 % of the respondents had worked in their organizations between 11 to 15 years in their Bank. This indicated that most of the respondents had along working experience and had experienced the impacts of employee turnover on organizational performance. Distribution of respondents by marital status is the other important aspect in the analysis of employ turnover issues. Regarding to the marital status of interviewed sample respondents, out of the total respondent staffs in sample population, 33.2 percent are married, 64.3 percent never got married leaving (single) and 2 percent are divorced. This implies that majority of the respondents are single.

4.2. Analysis of the Findings of the Study

4.2.1. The Existence and Rate of Labor Turnover in the Study Area

Respondents were questioned about the presence of staff turnover in their organizations in order to gauge the extent of turnover in the bank.

Table 4.2.1 Rate of turnover in the Bank

Item	Agreement Level	Frequency	Percentage %
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feel that there is employee turnover in your bank	strong disagree	3	1.20%
	Disagree	1	0.40%
	Neutral	8	3.30%
	Agree	194	79.50%
	strong agree	38	15.60%

As can be seen from the above table with regard to perceived feeling of whether there is employee turnover respondents stated that they believe their company experiences staff turnover. Figuratively, participants in this survey were asked to comment on the topic of turnover rate. The majority of sample respondents accounting to about 194 (79.5%) of the respondents said they agreed with the statement that there is a very high rate of turnover, whereas 38 (15.6%) strongly agreed. Contrary to the above respondents accounting about 8 (3.3%) remained neutral whereas respondents accounting to about remaining 1 (1.20%) and 1 (0.40%) strongly disagreed and disagreed respectively.

Besides the quantitative data, the researcher also gathered data from interview and document review. Therefore, the HR managers' reaction was that labor turnover occurs in all organizations and they cited the bank's report to show how many employees actually left the bank in the previous five years. From Human resource report (2021) the rate of employee turnover in the bank is 2.3% which is high.

4.1.1. Respondents Response on Causes of Employees Turnover

Confirming that there exist employee turnover from the above question and as employee turnover can't happen without any reason, under this part what caused for turnover is intended to be identified. Accordingly, under this part the analysis of data obtained from 244 respondents and the interview with the Top level Managers regarding the effects of employee's turnover on organization performance is analyzed as follows.

Table 4.3 Mean Summary for the Cause of employee Turnover

Items	N	Mean	Std. Deviation
Seek of better job opportunity and Job Dissatisfaction	244	4.05	0.55
For better salary and benefits	244	4.72	0.82

Absence of carrier development for the employees in the bank and extend their tenure	244	3.86	0.76
lack of cleanliness, instable, inappropriate and lack of comfort in the workplace of the bank employee	244	4.39	1.14
Poor governance of the bank, there is a lack of efficiency in employing staff	244	4.52	0.99
Poor Compensation System (Rewards and outcomes are weak) to motivate the employee	244	4.61	0.91
Increased work pressure, stress, lack of employee freedom, and behavioral differences	244	4.36	1.16
Low Employees social and interpersonal relationship	244	4.31	1.22
Poor Training and development opportunity for employees and managers	244	4.41	1.13
Aggregated Mean	244	4.36	0.96

A five Likert scale measurement used ranged from 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree)

Source; Data from Field Survey, 2022

As it can be seen from the above table all items specified as a cause for turnover was perceived by respondents as a contributing factor for staff turnover at Oromia Bank S.C. More specifically, Employee of OB S.C leave an organization to get better salary rated with (M=4.72, SD=0.55), due to an existing poor compensation system and poor governance and lack of efficiency in employing staff rate Poor Training and development opportunity for employees and managers (M=4.61, SD=0.91; M=4.52, SD=0.99; M=4.41, SD=1.13) respectively which were rated above the aggregate mean value. This implies that, these factors were the more contributing factors for employee turnover as perceived by respondents. Not only have these, the other factors stated above such as increased work pressure, stress, lack of employee freedom, and behavioral differences (M=4.36, SD=1.16), low Employees social and interpersonal relationship (M=4.31,SD=1.22), Seek of better job opportunity and Job dissatisfaction (M=4.05, SD=0.55) and absence of carrier development for the employees in the bank and extend their tenure (M=3.86, SD=0.76) were also perceived as contributing factor. The high mean value and low standard deviation found from the above analysis implies that majority of the respondents agreed with their response converging around similar point of view, that all specified causes of employee turnover were among the causes leading to employee to leave the firm.

Concurrently data gathered from qualitative sources such as from employee resignation

letter, interview with higher officials and report altogether depicted that, better employment opportunity offer from competitor firm predominantly Banks with high salary, benefit, compensation and career development opportunity were the major factor for employee to leave Oromia Bank. The bank offering better employment has been attracting employees of Oromia Bank.

4.1.1. Respondents' response on the effects of employees' turnover on organization performance

The departure of more senior and well adapted employee from an organization is not a positive contributor to organization's productivity. To know an extent to which organizational performance is affected by employee turnover items were developed and rated below. In this part the analysis of data obtained from 244 respondents and the interview with the Top level Managers regarding the effects of employee's turnover on organization performance is analyzed as follows.

Table 4.4 Mean Summary for the effect of employee Turnover on organizations performance

Items	N	Mean	Std. Deviation
Service provided results in loss of customers.	244	4.59	0.89
Staff turnover causes a decline in services provision (disrupts service delivery)	243	4.64	0.87
Increasing Work Load for each Employee	244	4.57	0.93
High staff turnover causes reduction in work productivity or Performance	244	4.64	0.85
High staff turnover causes too much wastage of resources when new staff settles in.	244	4.73	0.73
High staff turnover cause employee not to meet their deadlines or Unfulfilled Daily Functions	244	4.6	0.79
High staff turnover causes reduction in the quality of product produced.	244	4.65	0.82
High cost of replacement and for training and development of the new worker	244	4.72	0.78
Replacement of poor performers	244	4.6	0.87
Infusion of new knowledge in the organization	244	4.52	0.98

Aggregated Mean	24 3	4.63	0.851	↑	↑	↑	↑	↑	↑
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A five Likert scale measurement used ranged from 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree)

Source; Data from Field Survey, 2022

From the above the table, the majority of respondent's response reveals that, staff turnover has an effect on organizational performance. More specifically, respondents alleged that, staff turnover caused for high cost for replacement and training and development of the new worker rated with mean value and standard deviation (M=4.72,SD=0.78), reduction in the quality of product produced (M=4.65, SD=0.82), reduction in work productivity (M=64, SD=0.85), and a decline in services provision (M=4.64, SD=0.87) to greater extent which is rated above aggregate mean M=4.63. Additionally majority of respondents were in agreement as the mean value for other items like turnover caused employee not to meet their deadlines or unfulfilled daily functions, (M=4.6, SD=0.79), increase work load on an existing employee (M=4.57, SD=0.93) Service provided results in loss of customers (M=4.59, SD=0.89) lies between 4 and 5 showing their agreement level to be high.

Generally from table above, we may infer that the response obtained from employees indicates that the majority of respondents admitted the existence of turnover and its effect on organizational performance to be significant.

Concomitantly, data gathered from qualitative source also revealed that, employee turnover has affected organizational performance in many ways. According to interview response from one among higher official, employee turn created job overload at head office, cost for new employment, and training, dearth of successor for middle, and top level Management as well as delay in the service delivery.

In general it is found that, employee turnover has effect of organizational performance of the Bank. This finding is in agreement with the finding of Rahman and Nas (2013) who identified that, when organization hire new employee as to fill vacant post created by turnover, it takes time for new employee to get necessary skill and knowledge for the job which takes them long period of time to meet the expectation of customer which finally affect overall performance and competitiveness of the company.

Moreover, the finding by E.S. Asamoah, F.Doe and H.Amegbe (2014) asserted that employee departure affect organization in terms of measurable financial cost and intangible knowledge based and productivity cost which is also in agreement with this finding.

4.1.2. Regression analysis of employee turnover and organizational performance

Table 4.2.4 Summary of Regression Analysis Results

Model	r	r ²	Std. Error of the Estimate
1	-.829 ^a	0.686	0.41196

a. Predictors: (Constant), cause

Variable	B	95.0% CI	β	t	Sign. (p)	Simple Linear
(Constant)	1.29	[0.999 1.58]		8.754	0.00	
Organization al Performance	-0.765	[0.7 0.831]	-0.829	-23.02	0.00	

regression was calculated to predict the how far employee turnover could predict organizational performance. As can be seen from the above table the Correlation coefficient of $r = .829$ reveals that there is high degree of negative correlation between the variables. The value $r^2 = .868$ confirms the model is effective enough to determine the relationship between the variables and indicates that 86% of variance in organizational performance was predictable from a level of employee turnover.

The above table reveals that, a level increase in predictor variable (turnover) causes decrease in outcome variable (organizational performance and the model is fit for predicting the relationship between the two variable. Here, $p < 0.000$, which is less than 0.05, and indicates that, overall, the regression model statistically significantly predicts the outcome variable (i.e., it is a good fit for the data). From the table, a unit increase in turnover will reduce organizational performance by 82% and organizational performance is dependent on turnover rate.

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS

4.2. INTRODUCTION

This chapter consists of a brief summary of findings, a conclusion for the study based on findings, and recommendations made by the researcher from the findings of the study.

4.3. SUMMARY

The purpose of this study was to examine the effect of employee turnover on organizational performance of Oromia Bank. Descriptive research design with mixed research approach was employed. Data were gathered and evaluated using primary

data from 244 sample respondents at the bank's Addis Ababa headquarters and interviews with the bank's HR manager, as well as secondary data. Three basic research questions were raised and answered. These were;

- ✓ What are the major factors that leads high employee turnover in Oromia Bank S.C?
- ✓ What is the effect of employee turnover on organizational performance?
- ✓ How to reduce employee turnover?

From the data gathered it was found that, employee turnover was caused by better opportunities, such as higher salaries, and opportunities for career growth, lack of training and development, due to an existing poor compensation system, increased work pressure, lack of employee freedom, and behavioral differences. Additionally, one of the main reasons for staff turnover in their bank was a lack of contentment with the working environment and a lack of employee input into decision-making. Lack of programs for these personnel to upgrade their abilities was another significant issue. Additionally, they did not value the employees' input and did not appropriately reward their efforts with rewards that would have improved employee performance. These issues motivated employees to leave the bank.

With regard to the effect of employee turnover on organizational performance, majority of respondents response agreed as it leads to loss of the most talented and seasoned personnel, declined service quality and delivery time caused employee not to meet their deadlines or unfulfilled daily functions, and increase work load on an existing employee. Thus linear regression model result revealed that employee turn over

In addition, the study found the following consequences at this bank, among others: impair the overall productivity of a company, reduction in the quality of goods produced, wastage of resources. Moreover, work is not completed in a timely manner with sufficient quality, which slows down job performance. This makes it challenging to serve consumers with an efficient and proper service, which lowers customer satisfaction with bank services and ultimately results in a loss of clients. Additionally, it has increased the workload for the existing workers.

Any organization's ability to succeed is greatly influenced by its personnel, technology, and resources. The performance of these individuals is crucial to any company's success or failure. Employee turnover is now a big issue since it has a negative financial and moral impact on the organization's limited resources and undermines its overall success. Since highly qualified and experienced talent departs the position they held, high staff turnover has become a concern for all organizations in general and banks in particular. Due to employee turnover, banks today had trouble keeping hold of talented, seasoned, and well-trained personnel.

The bank loses its ability and is unable to achieve its goal and objective, which has an impact on its continued existence. Because of this, care must be taken to minimize or lower turnover rate. Therefore, adjusting salaries and benefits packages as well as providing possibilities for career progression is crucial steps the bank should take to lower the degree of turnover. Additionally, if a promotion is available and the workplace is comfortable, people are more likely to stay on the job.

4.4. CONCLUSION

Based on the data gathered from both quantitative and qualitative sources the following conclusion is made.

- ❖ There is high employee turnover in Oromia Bank S.C caused by better salary offer from other similar company, an existing poor compensation system in the bank, lack of good governance, poor training and development opportunity for employees and managers, increased work pressure, lack of employee freedom, and behavioral differences, and absence of carrier development for the employees in the bank.
- ❖ Employee turnover has an effect on organizational performance manifested in the form of increased cost reduction in the quality, weakening in services inability to meet their deadlines.

4.5. RECOMMENDATION

For the significant conclusions listed above, the research suggests that the bank must address the following. In order to give management time to focus on the core business

of the entity and avoid the impact of turnover on the organization's performance, the researcher first advocated for minimizing employee turnover. This will save the organization time and money spent on recruiting and training new employees. Thus, the bank:

- In this organization, incentives, salaries, and perk packages are the main reasons for employee turnover. Employee turnover is a common occurrence when a bank does not provide competitive pay and benefits, which has an impact on the bank's success. The bank needs a merit-based compensation strategy to address this issue, as well as wages and benefits that are sufficiently attractive to highly-qualified and experienced workers in comparison to those offered by other businesses in the same labor market.
- The primary reason that many professional employees quit the organization is for advancement and promotion. Career development is therefore the most crucial retention element because providing workers with great career development possibilities not only keeps them from leaving the bank but also positively influences their loyalty to the institution. Therefore, the bank management should focus on the workers' professional development. To keep their knowledge and abilities current, they should get proper training and development programs on a regular basis. Providing personnel with opportunities for career progression may aid in their development as professionals and increase their level of job satisfaction, both of which have a favorable effect on the bank's performance.
- People may not remain in a company solely for the money; rather, they may do so for a variety of reasons, including advancement opportunities and perks that draw in more workers. As a result, the bank should implement a variety of employee motivation strategies, such as instituting rewards for diligent workers and frequently praising employees' contributions and efforts in order to spur them on to greater productivity. By doing this, the bank is able to lessen the detrimental effects of turnover on its performance. Additionally, employees want to work in an environment that is comfortable for them. So, the bank should work on offering all essential comfort and convenience to perform the job to the employees to retain its competent and experienced staff.

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Appendices

Appendix I

ST MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION GRADUATE PROGRAM

Questionnaires to be filled by Oromia Bank visitors of Addis Ababa City Head Office

Dear Respondents,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic "***The effect of Employee turnover on Organisation performance in the case of Oromia Bank***" as a partial fulfillment to the completion of Masters of Art in business administration

NB.

- No need of writing your name.
- Encircle the letter of your choice and put the [P] mark in the box provided.
- Please respond as accurately as possible and at your earliest possible time.
-

Thank you for your cooperation!

BACKGROUND INFORMATION

Part-I: Section A: Demographic factors

1. Gender: Gender

- a) Male
- b) Female

2. Age Year

- a) 18-25 years
- b) 26-35 years
- c) 36-45 years
- d) 46-55 years
- e) 56 and above

3. Marital status

✓ Married

✓ Single

C. Divorced/Separated

D. Widowed

4. Educational status or qualification

A. 12 Complete

B. Diploma holder

C. First Degree

D. Second degree E. PH.D

5. How long have you worked in this organization, length of service years

a) 1-5 years

b) 6-10 years

c) 11- 15 years

d) 16-20 years

e) 21 and above

Part-II: Issues Related to Employee Turnover

1. Do you feel that there is employee turnover in your bank?

Please encircle the letter of your choice.

5= Strong agree, 4= Agree 3= Neutral 2= disagree and 1= Strong disagree

2. How do you rate the turnover in your organization? Please encircle the letter of your choice.

A. Strongly agree there is Very high Labor return

B. I agree there is High Labor turn over

E. I strongly disagree

3. In relation to labor turnover, are the following issues are possible causes for employees to leave their organization? Please indicate your level of agreement/disagreement by ticking [√] in the table for your exact feeling based on the scale below.

5= Strong agree, 4= Agree 3= Neutral 2= disagree and 1= Strong disagree

	Possible causes of employee turnover	5	4	3	2	1
1	Seek of better job opportunity And Job Dissatisfaction					
2	For better salary and benefits					
3	Absence of carrier development for the employees in the bank and extend their tenure					
4	lack of cleanliness, instable, inappropriate and lack of comfort in the workplace of the bank employee					
5	Poor good governance and supervision of the bank, there is a lack of efficiency in employing staff					
6	Poor Compensation System (Rewards and outcomes are weak) to motivate the employee					
7	Increased work pressure, stress, lack of employee freedom, and behavioral differences					
8	Low Employees social and interpersonal relationship					
9	Poor Training and development opportunity for employees and managers					

6.

Please indicate your response regarding the effect of employee turnover organizational performance in Oromia Bank. Please indicate your level of agreement/disagreement by ticking [√] in the table for your exact feeling based on the scale below.

5= Strong agree, 4= Agree 3= Neutral 2= disagree and 1= Strong disagree

	Possible effect of employee turnover organizational performance	5	4	3	2	1
1	Service provided results in loss of customers.					
2	Staff turnover causes a decline in services provision. (disrupts service delivery)					
3	Increasing Work Load for each Employee					

4	High staff turnover causes reduction in work productivity or Performance					
5	High staff turnover causes too much wastage of resources when new staff settles in.					
6	High staff turnover cause employee not to meet their deadlines or Unfulfilled Daily Functions					
7	High staff turnover causes reduction in the quality of product produced.					
8	High cost of replacement and for training and development of the new worker					
9	Replacement of poor performers					
10	Infusion of new knowledge in the organization					

Part-III General Questions

1. In your opinion, are there any other effects of employee's turnover in your organization performance?

2. In your view what should be done to reduce the labor turnover (possible mitigating strategies)?

3. If you have any comment you would like to add please use the space below

Thanks for your participation in this study

Appendix II
Saint Mary university department of Business Administration

Interview Questions to Oromia Bank HR Manager

Dear Respondent

The following are the interview questions to be asked intending to collect data basing on the following topic: ***Assessment of employee turnover and organization performance: the case of Oromia Bank.*** You are requested to assist in responding questions as you know them. The information obtained in this interview session will be confidential, and only for research purposes I anticipate my gratitude to your assistance

SECTION A: GENERAL INFORMATION (Optional)

Code of Interviewee.....

Position of respondent

SECTION B: INTERVIEW QUESTIONS.

1. Is there labor turnover in your bank and what do you understand by employee turnover rate?

2. In your opinion, what do you think the reasons why employees choose to leave this organization?

3. What are the effects of employee's turnover? And how do you think employee turnover has affected the bank?

What measure does the management take to reduce the level of turnover in this organization?
