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Assessing causes and consequences of employees' turnover in Commercial bank of Ethiopia

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Abstract

This study gives much emphasis on causes and consequences of employees' turnover in commercial bank of Ethiopia. The banking industry in Ethiopia dominated by this public bank and its branches spread throughout the country while the government also opened the door for private investors to engage in the industry since the dawn fall of the Dergue Regime. While employee turnover dramatically increased after the private sector engaged in the industry. The study also tries to examine the consequences of employee turnover in detailed manner. The researcher employed descriptive survey research method to reveal the current state of turnover, consequence and management in CBE. Descriptive survey design helped the study to gather varieties of data to achieve the objectives of the study by describing the situation as it is. The research methods used for this study were both qualitative and quantitative approaches were utilized in order to describe the issue very well. This method was selected because it is planned method of data collection which helps to gather the necessary information on the issue under study. The study also employed stratified random sampling techniques for current employees. Stratified sampling was employed to achieve representation of the respondents. The respondents are stratified on the basis of the bank's job category. The sample frame of the study is the lists of employees of the bank, which are 258 from selected branches. The study found that low salary and benefit, unsuitable working environment, lack of recognition and bad relationship with superiors are among the causes of employee turnover in the bank. Loss of highly specialized work force, high hiring and training costs are identified as the main consequences of employees turnover.

Keywords: employee turnover

1. Introduction

The ability of an organization in the process of management depends largely on its efficiency and effectiveness of utilizing its human resources. Human resource is the most fundamental and decisive asset. On the other hand, whatever ample material and financial resources it may have, the institution is lifeless unless it converted to some sort of outputs with the effort of people. This is due to the fact that human resources mobilize and organize other resources to realize organizational goals and objective. Labor turnover is an important and pervasive feature of the labor market Martin (2003) ^[13], because, it affects both workers and the firms performance by incurring high amount of turnover cost.

Employee turnover refers to the proportion of employees who leave an organization over a set period (often on a year-on-year basis), expressed as a percentage of total workforce numbers. At its broadest, the term is used to encompass all leavers, both voluntary and involuntary, including those who resign, retire or are made redundant, in which case it may be described as 'overall' or 'crude' employee turnover (Armstrong, 2006) ^[1].

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization (Barb and Jancy, 2001) ^[2]. Recruiting employee consume a great deal of time and effort, bringing employee up to speed even takes more time, replacing employee costs money and in general high turnover often leaves customers and employee in the lurch; departing employee takes a great deal of knowledge with them. This lack of continuity makes it hard to meet organization goals and serve customer well and suggested that "respect, recognition and reward while the employees are

with us can bring a positive result and increase retention". Creating mechanisms to reduce and retain active and skilled manpower should be the major activities of any organization to ascertain its going concern ideology.

1.2 Problem Statement

Human resource plays a vital role in maintaining the sustainability of any organization. For an organization to be successful it needs to have a motivated and inspired employees as well as well articulated management since satisfied employees naturally treat the organization's clients very well or give quality service, hence the management's awareness of the importance of keeping employees satisfied and the effectiveness of the existing motivation system contributes a lot for the quality of service and the success of the organization. Staff turnover issues have reached to such a level that many industrial, service and consulting organizations are investing a big slice of their resources under knowledge management and other retaining mechanisms.

Employee turnover has always been a matter of concern for all type of organizations including banks. Large number of employee turnover may be unfavorable to both the banks as well as the employees. High turnover can harm a business's ability to retain customers and customer service quality and also leads to low productivity, (Mabindisa, 2013). Turnover is well acknowledged by higher officials and HR managers due to its multi-dimensional untoward effects in banks. After Federal Government of Ethiopia legalized domestic private commercial

banks to join the banking industry, increased number of banks has created stiff market competition. Even if commercial bank of Ethiopia has a leading position, the increased number of the private banks has made the competition tougher in providing quality service and introduction of modern banking system. The Commercial bank of Ethiopia can maintain its leading position when it continuously improve service quality and retain its customer since offering quality services give sustainable competitive advantage to any business. The flourishing number of banks has also created a lot of employment opportunity to the nation but it has also produced many staff turnovers in CBE even if the bank has employed many staff retention strategies. From the total employee large number of workers terminated from the bank due to different reasons. Besides, Corporate Human Resources Process is not able to retain its experienced and skilled employee (Birknesh 2016).

Commercial bank of Ethiopia has a vision to be a world class commercial bank by the year 2025. For the purpose of realization of this vision it has formulated strategies. One of the strategies is satisfying its employee through training and professional growth; recognize its employee as valuable organizational resources. But it is observed that senior employees are leaving the bank and join private banks. If the bank does not investigate the factors that influence employee turnover and formulate strategy to retain its talented employees, it may reduce its profitability and market share. There are a number of factors that drive turnover. These factors lead to employee low morale and quitting of the job which on the other hand can affect the bank by causing low organizational performance, loss of experienced employees, high administrative hiring costs and shift of customers to other banks (Biruk Walleign, 2013 ^[5] as cited by Birkinesh). Therefore, by focusing on these causes for employee turnover and taking corrective measure one can proactively avert or reduce employee turnover rate (Bax & leberk, 2004 as cited by Birkinesh). A fuller understanding of factors for employee turnover in commercial bank of Ethiopia is a paramount importance for the bank higher officials and HR managers, as it gives an insight and entry point to formulate and implement various effective strategies to ensure that there is employee continuity in the bank to enhance overall performance of CBE. So it is imperative to study one of the biggest HR challenge in the banks (CBE); employee turnover and its causes, consequences and management.

This study tries to investigate causes, consequences and management of employee turnover at CBE, Keeping the aforementioned statement in to account, the study strive to answer the following basic research questions:

- What are the main reasons for employees' turnover?
- What are the consequences of employees' turnover in CBE?
- What are the techniques of employee retention?

1.3 Objectives of the study

The overall aim of this study is assessing the cause and consequence of employees' turnover in the Commercial Bank of Ethiopia. The researcher also tried to achieve the following specific objectives:

- Identify the causes of employee turnover
- Identify the consequences of employee turnover in the bank
- Examine the existing retention mechanisms of the Bank

2. Review of Literature

In today's working environment, a company's human resources are truly the only sustainable competitive advantage. Product innovations can be duplicated, but the synergy of a company's workforce cannot be replicated. It is for this reason that not only attracting talented employees but also retaining them is imperative for success. There is no set level of employee turnover above which effects on the employing organization becomes damaging. Everything depends on the type of labor markets in which the organization competes. Where it is relatively easy to find and train new employees quickly and at relatively little cost (i.e. where the labor market is loose), it is possible to sustain high quality levels of service provision despite having a high turnover rate. By contrast, where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic from a management point of view. This is especially true of situations in which organizations lose staff to direct competitors or where customers have developed relationships with individual employees as is the case in many professional services organizations (John 2000).

Turnover basically arises from the unhappiness from job place for individual employee. But being unhappy in a job is not the only reason why people leave one company for another. If the skills that they possess are in demand, they may be lured away by higher pay, better benefits or better job growth potential. That's why it is important to know and recognize the difference between employees who leave the job because they are unhappy and those who leave for other reasons.

There are number of factors that contribute to employee turnover (Charless 2001). Some of these factors in more details are: The economy - in exit interviews, one of the most common reasons given for leaving the job is the availability of higher paying jobs. Obviously, in a better economy the availability of alternative jobs plays a role in turnover, but this tends to be overstated in exit interviews. Employee turnover caused by several factors that in turn can have impacts in the performance and the future success of the bank. These factors can stem from the employer, the employees or both. According to Bean, (2009) employees' wages, company benefits, employee attendance, and job performance and organizational commitment are factors that play a significant role in employee turnover, However, (Bratton and Gold, 2003), (Pendulwa, 2011) described the causal factors for turnover which include job not matching new employee's expectations, lack of attention from line managers, lack of training, lack of autonomy, lack of challenge and variety within the work. The researchers also described; low salary, poor benefits, lack of job securities, disappointment with the promotion and development opportunities, disappointment with standards of management such as unapproachable, uncaring and distant

behavior and a failure to consult as factors for turnover. These factors are also crucial in banking sector. It is stated by many scholars that in turnover process even if employees usually points out one factor for their turnover choice, there are always more factors on the back hand that works as a driving force for that factor (Jaffari, 2011).

The cost of turnover can differ across organizations, and costs associated with turnover are difficult to estimate. For example, an organization's geographic location may necessitate a particularly high cost of recruiting new employees, which causes the cost of

turnover in that organization to be unusually high. Due to this it is difficult to estimate. "Turnover" refers to the movement into and out of organization by the work force. An excessive movement is undesirable and expensive from the view of the organization. Employee turnover is expensive from the view of the organization. Voluntary quits which represents an exodus of human capital investment from organizations and the subsequent replacement process entails manifold costs to the organizations. These replacement costs include for example, 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). Turnover has many hidden costs Philips (1990) and these invisible costs are result of incoming employees, coworkers closely associated with incoming employees, co-workers closely associated with departing employees and position being filled while vacant. And all these affect the profitability of the organization. On the other hand turnover affects on customer service and satisfaction Kemal *et al.* (2002). Catherine (2002) argue that turnover include other costs, such as lost productivity, lost sales, and management's time, estimate the turnover costs of an hourly employee to be \$3,000 to \$10,000 each. This clearly demonstrates that turnover affects the profitability of the organization and if it's not managed properly it would have the negative effect on the profit.

3. Methodology

This study employed descriptive survey research method to reveal the current state of turnover, consequence and management in CBE. Descriptive survey design helped the study to gather varieties of data to achieve the objectives of the study by describing the situation as it is. It also assisted in assessing the practices of employee turnover by addressing the size of population and describes the phenomena. Therefore, a descriptive survey design is found to be appropriate and relevant in describing the existing phenomena of employees' turnover. The research method used both qualitative and quantitative approaches were utilized in order to describe the issue very well. This method was selected because it is planned method of data collection which helps to gather the necessary information on the issue under study. Thus, the descriptive survey method was employed to achieve the objectives of the research, since it shows prevailing conditions of particular trends. Also it is one of important tool to use quantitative approach in manageable form.

4. Results

Table 1: Overview of respondents

No	Variable	Frequency	Percentage
1	KEY; -Absent, + trace, ++ present, +++ abundant	KEY; -Absent, + trace, ++ present, +++ abundant	KEY; -Absent, + trace, ++ present, +++ abundant
	18-30 years	48	38.1
	31-40	58	46
	41-50	18	14.3
	51-60	2	1.6
	Total	126	100
2	Gender		
	Male	69	54.8
	Female	57	45.2

3.1 Population and Sample frame

The source of population for this study is employees working in Commercial Bank of Ethiopia. Study population used for this study are employees working as managers and admin, professionals, clericals worked as customer service officers/CSO/, and secretaries and transport and production workers including securities in selected branches of Shashemene Town. The study employed stratified random sampling techniques for current employees. Stratified sampling was employed to achieve representation of the respondents. The respondents are stratified on the basis of the bank's job category. The sample frame of the study is the lists of employees of the bank, which are 258 from selected branches.

3.2 Sample size and sampling techniques

The sampling process was based on the categorical classification of the Human Resources Management Process of the bank; i.e. Administrative & Managerial, Professional, Clerical, Transport & Production and Service Workers are included with a total number of 258 population sample size. Stratified sampling used to select the population surveyed because stratified sampling allows the researcher to obtain a greater degree of representativeness; it reduces the probable sampling error to ensure that both groups in a population are adequately represented in the sample, by randomly choosing subjects from each stratum. Thus, the population stratified into six branches, i.e. Shashemene main branch, Harufa Branch, Dida Boke Branch, Arada main Branch, semanyaand Branch and Bulchana Branch. The sample size for this study is calculated using the single population proportion formula with the following assumptions: the turnover rate of CBE is about 6% on average but from surveys done on private banks turnover rate was between 6% and 9%; and for this research 9% is considered to get adequate number of sample size. Using the estimated average proportion of employee turnover (i.e. $p = 0.09$, $q = 1 - p$), tolerance error of 0.05 and level of significance $\alpha = 0.05$ (two tailed Z-value is 1.96), and confidence level of 95% ($E = 0.05$); the sample size of this study is determined using the following equation which resulted in the sample size of 126.

$$\begin{aligned} \text{Sample size} &= \frac{(z\alpha/2)^2 * p * (1-p)}{E^2} \\ &= \frac{(1.96)^2 * 0.09 * 0.91}{(0.05)^2} \\ &= 126 \end{aligned}$$

	Total	126	100
3	Marital Status		
	Single	49	39
	Married	71	56
	Divorce	6	5
	Total	126	100
3	Educational Background		
	High school certificate		
	Diploma/Level IV	3	2.4
	BSC/BA Degree	92	73
	MA/MBA/MSC	31	24.6
	Total	126	100
4	Job Category		
	Administrative & Managerial	6	4.8
	Professional	22	17
	Clerical	81	64.2
	Transport and production	7	5
	Service	12	9
	Total	126	100
5	Service Year		
	Below 5 years	45	35.7
	6-10 years	50	39.6
	11-20	17	13.4
	21-25	8	6.3
	Above 25 years	6	5
	Total	126	100

Field Data: 2019

Table 2: Respondents perception towards their work, turnover, compensation and training

No	Items	Response	Frequency	Percentage
1	Are you satisfied with your work?	Yes	87	69
		No	39	31
		Total	126	100
2	Do you believe that there is high turnover in CBE?	Yes	103	81.7
		No	23	18.3
		Total	126	100
3	Are you aware of organizational mission, vision and values?	Yes	119	94.5
		No	7	5.5
		Total	126	100
4	HR department actions are in accordance to organizational mission	Yes	90	71.4
		No	36	28.6
		Total	126	100
5	The importance of orientation after recruitment	Yes	119	94.4
		No	7	5.6
		Total	126	100
6	Expectations after recruitment in the organization are met	Yes	34	27
		No	92	73
		Total	126	100
7	I am satisfied by the payment and benefits of the bank	Yes	22	17.5
		No	104	82.5
		Total	126	100

Field Data 2019

Respondents were asked about their satisfaction on their current job 69% of them are satisfied by their work whereas 31% of them are not satisfied by their work. From this data it is obvious to understand a quarter of respondents were unsatisfied regarding with their current job. The major reason for their dissatisfaction on their current job, as stated in the open ended question are the routine nature of their work, lack of reclassification to other post for a long time, place of assignment and also the risk of the work and the benefit are not taking in account the level of work they

have performed. 81.7% respondents responded that they are believed in the existence of high turnover in CBE while 18.3% of respondents were disagreeing on high turnover in the bank. From this response, it is possible to infer that majority of employees feel that CBE is currently facing a high turnover. About (73%) of respondents replied that their company (CBE) does not able to fulfill their expectations; whereas, around 27% of respondents are comfortable on this issue. From this response, it is possible to infer that majority of employees feel that CBE is unable to satisfy

their need; particularly, as some say, they are not able to continue their second degree whereas others stated that the benefit package is not in line with their expectation and the remaining stated other things. This raises a question of the CBE’s commitment to give attention to listen its employees. This needs serious consideration because this feeling of employees gives serious signal to take care of them before losing them.

Table 3: Participants’ responses regarding work, turnover, promotion, payment, training and retention

No	Items	Response	Frequency	Percentage
1	Ever had training in CBE	Yes	40	31.7
		No	86	68.3
		Total	126	100
2	Member of Labor Union	Yes	69	54.7
		No	57	45.3
		Total	126	100
3	Labor union suggest about the turnover	Yes	6	4.7
		No	120	95.3
		Total	126	100
4	The Bank has Retention Mechanisms	Yes	24	19
		No	102	81
		Total	126	100

In relation to training as discussed in literature review, organizations offer job-specific training to provide employees with the relevant skills to enable them perform their duties efficiently and effectively. The immediate application of skills acquired through such training may boost employee confidence and productivity. Through effective training employees will become more aligned to career growth. In line with this, respondents are asked to give their response whether they have got enough relevant training items 1, only 31.7% of respondents have got training in CBE, while 68.3% of respondents do not get adequate training. It raises a question of the CBE’s commitment to provide adequate training to employees that enables them to do

their job. In relation to the above issue, interview (informally) conducted with some respondents indicate that they are highly complain about the training opportunity that they have not given adequate job specific and on time training that enables them to perform their work well.

Respondents were asked whether they are the members of labor union item 2, about 54.7% of respondents are member and 45.3 % of respondents are not members of labor union. From this, the researcher inferred that about this 45.3% of the employees is managerial staff because by default when an employee joins CBE he/she becomes the member of labor union and when one is appointed as a managerial staff he/she is made out of the union immediately.

Regarding item 3, about 95.7% of respondents believe that labor union does not present suggestion for HRM process; whereas, around 4.7% of respondents replied that the union provide suggestion to the process. As it is clearly seen in the open ended responses that majority of the respondent does not have such information because labor union does not say anything in meeting with employee as well as in its magazines which is published quarterly. However, some respondents stated that they do not have faith in the Labor union because the association is not working in favor of the employees rather it works in favor the of management.

To know whether respondents’ recognize and acknowledge the existence of retention mechanism or not (item 4), the responses have shown that only 19% of respondents know the existence of staff retention mechanism from Human Resource Development Process and the rest 81% of respondents do not know. The researcher came to know that CBE has employed a consultant from Frankfurt School of Finance and on their advice the CBE has prepare retention strategy and got approval for implementation but the HRD process does not communicate this to other processes and sub processes. The implementation of the strategy has not fully started.

Table 4: Participants’ response on promotion, working environment, grievance and benefit

S. No	Items		Response N=126					M
			5	4	3	2	1	
1	I believe the existence of turnover	F %	3931	6148.5	75.5	129.5	75.5	4.05
2	Benefit provided by CBE is better than private Banks	F %	6 4.8	1612.7	1814.7	3628.5	5039	2.12
3	Promotion and transfer is carry out as per the HR procedure	F %	129.5	2923	4636.5	2015.8	1915	2.96
4	Salary of CBE is better than private Bank’s	F %	21.6	1411	2419	3830.4	4838	2.12
5	Satisfied with promotional activities	F %	54	2016	3931	5039	1210	2.60
6	Relationship (Working environment) has effect on turnover	F %	1814	1612.6	2520	4737.4	2016	3.87
7	Employee turnover affect belongingness	F %	4535.7	5644.3	1512	86.4	21.6	4.05
8	The job is matched with your interest	F %	86.3	4233.3	3931.4	2721	108	3.18
9	Adequate training facilities	F %	97.1	2620.6	2923.3	4334	1915	2.88
10	Good grievance handling	F %	43.1	118.7	4334.4	3628.5	3225.3	2.48
11	Decision Making is participatory	F %	54	1915	5543.6	3326.4	1411	2.58
12	CBE has good retention mechanisms	F %	75.5	129.5	2923.2	4132.5	3729.3	2.18

5= Strongly Agree; 4= Agree; 3= Neutral; 2= Disagree; 1=Strongly Disagree.

During the study an attempt was made to investigate current employees’ perception about the existence of turnover in their Bank; and hence, item 1 gives a summary of the respondents’ views. In this regard, about 79.5% of respondents have shown their agreement that CBE is facing high turnover one of the best companies to work for, 15% of respondents have shown their disagreement and 5.5% of them neither agreed nor

disagreed. From this one can conclude that respondents believed the existence of high turnover in CBE. The mean value (M=4.05) of respondents indicate that their agreement on this issue. As indicated in part 1 and 2 response the existence of turnover is undeniable but regarding its consequence all members of management commonly agreed that it is very damaging consequence which means losing highly trained, dependable

employees and which creates dissatisfaction, lack of trust in the Bank, damages the quality of service, incurring unnecessary cost and also has bad impact on customers. Concerning item 2, about 17.5% of respondents agreed that their bank (CBE) is providing benefits better than private Banks; whereas, and around 67.5% of respondents disagreed and the rest 14.7% neither agreed nor disagreed to this issue. From these responses, it is possible to conclude that majority of employees feel that CBE does not provide better benefit package than Private Banks. This needs serious consideration because this feeling gives serious signal to take care of them. Besides, the mean value ($M=2.12$) of the view of the respondents about benefit issues gives the general picture that respondents have shown that they are not comfortable with the benefit package. In addition, respondents are asked to rate whether they believe that the management is doing promotion and transfer as per the HRM procedures (item 3), about 32.5% of respondents agreed; whereas, 36.5 % of respondents neither agreed nor disagreed. However, the rest 30.8% of employees disagreed. From the overall response of this item we can conclude that majority of employees do not have any idea regarding HR's implementation of promotion and transfer. It is also seen in the mean value ($M=2.96$) that the dissatisfaction is somewhat significant. In the interview with seven management members of the bank, four out of the seven said that there is equal promotion opportunity in CBE as per the HR procedure, however the remaining three did not agree to this view as individual can be promoted by the interest of the process and sub-process owner, due to his/her political attitude, friendship and other different aspects. Therefore, the Bank has to take corrective actions. With regard to salary an attempt was made to know whether employees get better salary than Private Banks' (item 4). About 68.4% of the respondents showed their disagreement to the statement and at the same time about 12.6 % of respondents agreed that the CBE pays better salary than other private Banks' and 19% of respondents neither agreed nor disagreed to this issue. Therefore, the mean value ($M=2.12$) of respondents response on this item support this result and indicated that the CBE pays a salary lower than private Banks. In the interview made with thirteen members of management, all responded that the financial as well as the non financial benefit couldn't comparable with CBE and they are not satisfied with the current payment. However, respondents' perception for the statement that request them whether they are satisfied with the promotion activities (item5), about 20% have shown their agreement; whereas, 49% of respondents have shown their disagreement and about 31% are neither agreed nor disagreed on the issue. The mean value ($M=2.60$) of respondents indicates that their disagreement on this issue. The opinion and views of respondents, generally speaking, are supported by interview conducted with the employees. They revealed that they are not comfortable with the selection process of promotion. Concerning item 6 of the above Table, about 53.4% of the respondents said that working environment (their relationship with their coworkers and supervisors) has effects on turnover. About 26.6% of respondents disagreed and about 20% have no opinion. From this it is possible to say that respondents are very much interested to have smooth relationship in their working environment. Similarly, the mean value ($M=3.87$) support the response of the 53.4 respondents. Besides, in the interview

process the majority of the management staff stated that there is good relationship between the management and other staff but they are afraid that currently due to lack of follow-up from the Bank's side there is some signals that this culture may be eroded. Respondents were asked to tell their opinion related to effect of turnover on belongingness (item 7). About 80% of respondents agreed that turnover has poor effect on belongingness and about 8% of respondents disagree to the statement. However, the rest of the respondents i.e; 15% neither agreed nor disagreed on the statement. From this it is possible to say that the employees' turnover has a great adverse impact on belongingness; the mean value confirms so ($M=4.05$). Respondents were asked to tell their opinion related to matching of the job with their interest, and about 39.6 % of respondents agreed that their present job is based on their interest about 29% of respondents also revealed that their jobs are not interesting and 31.4% of the respondents are neutral. From this it is possible to conclude that the employees are relatively satisfied with their current jobs and believe that their jobs are interesting. Mean Value of their responses is ($M=3.18$)

In line with adequate training facility (item 9), respondents were asked to give their opinion whether CBE has adequate training facilities; only 27.7 % of respondents have shown their agreement while 49 % of respondents have shown their disagreement to the statement. On the contrary, 23.3 % of respondents became unable to say anything about the facility. It raises a question of the CBE's commitment to provide adequate training to employees that enables them to do their job more perfectly. The mean value ($M=2.88$) of this item also indicate that respondents' disagreement about the training facility of the organization. Regarding item 10 of the above Table, about 11.8 % of respondents have shown their agreement for the existence of good grievance handling in CBE; whereas, about 53.8 % have shown their disagreement and the rest about 34.4 % have neither agreed nor disagreed. The mean values ($M=2.48$) of respondents also indicated their disagreement on the issue. Regarding participation in decision making, about 19% of respondents replied that their managers encourage them to participate in decision making related to the work of the branch (item11) and 47.4% of respondents replied disagree with the statement. However, 43.6% neither agreed nor disagreed. From this it is possible to conclude that a manager in CBE does not encourage the staff to participate in decision making of the Branch. The result of the mean value supports this response ($Mean=2.58$).

In relation to the existence of good retention mechanism in CBE, only 15% of respondents agreed that there is good employee retention mechanisms in the Bank; whereas about 61.8% of respondents disagreed on the existence of good retention mechanism in the Bank with mean value of ($M=2.18$). The rest 23.2% are neither agreed nor disagreed. During interview with thirteen management staff of the Bank except two managers the remaining has no information for the existence of retention mechanisms in CBE. From this result it can be conclude that the Bank has a problem of communicating what has been done by the Bank.

Similarly, the interviewees were requested to give comments or suggestions (Annex-2) on how to retain employees. Majority of them responded that the top management is reluctant and believe that there is many educated staff in the market. This thinking

damages the bank since talented and trained staff is leaving the Bank. Moreover, they responded that the HR has to revise its policy and procedure and also implement them properly without bias, giving value to the employees as per the Bank's mission, better working environment and better packages are the major comment of the respondents.

Also in the interview session that salary scale was revised three years ago and they didn't revise salary scale within these years. But recently they made a policy revision on one of their benefit package i.e increased the mortgage loan capacity of their employees. Previously employees were able to borrow up to one third of their salary capacity but now they could borrow up to 50% of their salary. This enables them to acquire residence building, automobile and the likes. The Director responded that the bank was aware of some private banks revised their salary scale and paid attractive salary for similar job position. But the bank believes as it couldn't proactively respond to salary scale revision as private banks because of the large size of the bank. Nevertheless the bank believes as it is best employer of the country and pays average salary whereas majority of employees are not happy with the prevailing salary of the bank and have high intention to leave.

The administrative bodies believed different reasons could cause employee turnover and the major could be benefit package. As per the director response, CBE believes up to 5% turnover rate is normal and acceptable as it believes it is best practice but still they are very sensitive for key personnel like, Vice President, Directors, and Branch Managers even though the turnover rate is increasing alarmingly. However the bank is managing turnover of the key employees by working on succession planning to replace. Because of which it is investing a huge capital on training and development to equipped successors. This shows the bank doesn't focus on the factors influencing employee turnover and manage the factors from their root since replacing couldn't be a solution as turnover incur huge cost for the organization. On the other hand, the bank depend on the turnover rate that could be in acceptable rang but still the number is less because of the large number of recruitment undertaken continuously. Moreover, the bank doesn't conduct survey to understand the employees' level of intention to leave the bank.

The HR Manager of CBE responded as the procedure of the bank has room for subjectivity on promotion and selection. For example to promote one employee, there are internal exam and interview. On top of that committee recommendation is very important as they are authorized to give some points. This makes promotion opportunity unfair. But now the new procedure proposed by the foreign consultants from the Head Office would be finalized within short time. The proposed promotion procedure has objective measurement, transparent and fair that would answer employees' dissatisfaction.

The HR manager also responded that work environment is a combination of various factors like relationship with supervisors, autonomous in their job, office layout and the like. As per the response of the manager, in a prevailing situation the bank system doesn't allow employees to involve in decision making which affects ownership of the work. The manager respond as the bank is a learning organization with a vision to be world class commercial bank in the year 2025 and they are working to create a convenient work environment.

The interviewees' also claimed that the consequences of employee turnover is not estimated in terms of cost but it is obvious the bank releasing experienced employees for others by assuming the competition of the business by itself. Once new employees come on board, they could have to go through the CBE's laid down training, orientation/induction programs. These activities are organized at an extra cost to the organization depending on their frequency. Currently 'we as a management of human resource faces huge difficulty in order to keep our experienced personnel in the bank due to attractive payments and benefit schemes of other institutions specifically banks.

One senior manager revealed that most of experienced employees who had left CBE in last five years were currently working as a manager at corporate and branch level. This implies CBE invested a lot of cost to get maximum productivity while due to lack of insight on the issue as strategy the bank cannot retain the productive work force. In addition some of the top managers have an attitude that is linked with the excessive supply of human capital from the universities and colleges whereas when we come to reality it has been a real challenge to equip those graduates with the skill and other basic competencies they miss from the college and it takes time to shape and orient them according to the bank's HR need. On the other hand the researches tried to get ex employees of the bank who left recently. As they formally said their main reason to exit from the bank include better payment, better career growth and other benefits. As they insisted on the issue of exit interview before they left the bank nobody didn't talk them even they didn't requested by manager. All ex-employees were responded that they are currently working as a branch and department managers for private banks with high payment relatively in the industry. Also they add the experience they got from CEB is very helpful for them currently to be effective and efficient in their work as well as they got several trainings and development programs in their current organizations.

5. Discussion

The demographic characteristics of respondents the study found out that the majority of respondents are male. Majority of respondents are found to be in age group of 18-30 and thus the CBE is composed of young energetic and productive work forces. As we understand from the data the majority of the employees are first degree holders and most of the respondents were served the bank above five years. In terms of their marital status the majorities of respondents are married.

The results of the study indicate that majority of the respondents said that they are satisfied with their current jobs but they also believe that there is high turnover in CBE with a mean value of (M=4.05). Still majority of the respondents are well aware of CBE's mission, vision and value and do believe that HR is doing its job as per its mission.

Concerning employees training and its facility, the study indicates that respondents are not happy about the training in the Bank with mean value (M=2.88) and also they are dissatisfied with the promotional prospects of the Bank with mean value (M=2.60). The study indicates that the relationship between respondents and supervisors/managers are found to be good position with mean value of (M=3.87). Concerning salary and benefits, the study indicates that respondent are found to be dissatisfied with their current salary and benefit scheme (M=2.12 and M=2.16). All groups of respondents are found to be

dissatisfied with their current salary and benefit. The study found that respondents are not satisfied with grievance handling system of the bank (M=2.48) and also they do not get a chance to participate in any types of decision making (2.58). Generally, seventy percent of the respondents stated that their expectations while joining CBE are not met accordingly.

Finally, regarding retention mechanism the researcher believes that in any organization, staff retention is depending up on the extent to which the adequacy of extrinsic and intrinsic factors of motivation. Staff turnover is associated with job intrinsic and extrinsic dissatisfaction. The insufficiency of extrinsic factors such as salary and non salary benefits, promotion, financial and non- financial rewards, poor administration and supervision practices, polices, work overload which are external to the job and located in the work place had more effect on the staff turnover because dissatisfied staff are more likely to quit. However, the intrinsic part depends on the individual perception and attitude.

6. Conclusion

Among the causes that contribute for termination of employee is employees' attitude about their Bank, current job, career development opportunities (growth), relation with managers, training facilities, relationship with coworkers', salary and benefits packages and working environment. Accordingly, from the findings of the study it can be concluded that employees' are found to be satisfied with working in CBE, their current job, and relationship with their manager as well as coworkers, with their work environment.

On the other hand, employees are dissatisfied with Bank's initiative to maintain competitive pay system; the current salary and benefit; development opportunities (promotion), such as the training opportunities. If employees are unsatisfied with these basic factors, it may negatively affect the quality service provision which adversely affects customer satisfaction and if such dissatisfying factors are not mitigated on time, employees may not perform their tasks as expected or may leave the bank and this may have bad effect on the operation of the Bank. Finally, as commented majority of the respondents the turnover is high. Besides, respondents' opinion indicates that they love (satisfied) with their current job and wants to work in CBE if their expectations are met and their problems are solved. The respondents believe that the bank has no good retention mechanism that can handle those who are working currently who wants to leave it. The reporting mechanism of the Bank is not help the management to be conscious of the problem because it is presented only in a general way; like the number of staffs who left the bank during that period, the reasons for their resignation, dismissal and so on. It does not give detail analysis for decision making. The research shows that, generally, employees are continuously leaving the Bank and most of them are not satisfied with the benefits. The Bank does not work on retention mechanisms as expected.

Based on the findings of the study, the following recommendations have been forwarded. Employees of the CBE have favorable attitude towards CBE. Employees have a sense of belongingness to the CBE; that is, every employee feels that CBE is his/her company and later each employee assumes responsibility for his/her own job performance. Thus, this is a positive trend that must be encouraged further. However,

- Employees are satisfied with their present job; they are satisfied the kind of work they do, they know what is expected of them from their work and this leads to good job performance that increases the quality and quantity of work accomplished. Therefore, this is a positive practice that must be encouraged further.
- Training and training facilities should be developed and each employee has to get the chance. Doing this enables to enhance each employee's current job performance, enables individuals to take advantage of future job opportunities and fulfill CBE's goals for a dynamic and effective workforce. In addition as skill and knowledge is obsolete like equipments and technologies, enough relevant training has to be provided periodically to enhance their knowledge, skill and attitudes by assessing the training needs of employees. If employees are trained well, they will be able to take the responsibility of making decisions (It is also one area of compliant) that are necessary to achieve desirable results. If not, expecting results without giving proper training is unjust for the employer.
- Internal promotion another method of maintaining employee within a given company enables exiting employees that they are valued and appreciated. To this end, the study found that employees are dissatisfied with the exiting promotion practice. Thus, to reduce this problem promotion should be provided for those who deserve it based on merit; the HRM has to revise procedures as soon as possible; the HRM has to make effort to let each candidate know the selection result through notice boards and using CBE's websites. Doing this may enable to convince applicants upon the results obtained by comparing themselves with the selected candidate.
- On the other hand, the CBE's effort to fill vacancies from within before recruiting from outside is a good practice that must be continued in the future because it creates a feeling of having opportunity to grow in the Bank and be recognized. The study revealed that there is a conducive (employee-manager-coworker) work relationship; i.e., there is a spirit of team working in CBE this good practice must be encouraged

The study also found out that employees are not satisfied on their current salary scheme. Based on the preceding facts it is good to recommend that CBE should provide their level best to give due attention for this sensitive issue through revising the current pay structure by considering factors such as the current cost of living, the CBE's paying capacity and banking industry's pay system by balancing the Bank's plans and programs with employees need in collaboration with appropriate organs.

The researcher would like to recommend that CBE has to act implement HR consultant's recommendation on retention strategies as soon as possible. Until then the bank has to revise the salary and benefit package, strengthen the good relation among the supervisor, subordinate and peers, provide recognition and encourage innovations rather than sticking to the rule of thumb.

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