



FACTORS AFFECTING EMPLOYEE TURNOVER IN OROMIA
INSURANCE COMPANY (IN CASE WOLISO BRANCH)

A RESEARCH PAPER SUBMITTED IN PARTIAL FULFILLMENT
FOR THE REQUIREMENT FOR BA DEGREE IN MANAGEMENT

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MAY, 2014

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Acknowledgement

All praised and thank are to my God: the most gracious and most mercifully for nothing a have done without his help also I would like to express my deepest appreciation and gratitude to my advisor Chalchisa Amantia (MBA) who give me a good advice and constructive comments that he has been give and further more a would like to acknowledge my secretary w/t Fitusm Asart as well as all my friends for their an un countable support either orally or technically.

Abstract

This research was conducted on the factors increasing employee turnover in oromia insurance company (in case woliso branch). The researcher focuses on identifying why people leave organization voluntarily. To achieve this, relevant data was collected through questionnaires and interview. After data collection the researcher analyzed and inter prate the data using descriptive type of research and presented using percentage as well as tables and recommendation of the finding was presented of the end of the study.

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CHAPTER ONE

INTRODUCTION

Organization in current economic situation must focus on competition to come up with competitive stand and grow. To do this, well-oriented and highly equipped and motivated employees are the corner stone of an organization.

They are resources to limit the strength and weakness of an organization. Proper man power management activities has a positive impact in giving efficient and effective service and this in turn helps to develop the overall organization and remain competitive.

Therefore, the managements of an organization should focus on retaining and maintaining its employees by using modern way of thinking concerning its human resource.

1.1. Background of the organization

Oromia insurance company S.C is a profit making insurance company has been formed in February 2008 and is established in January 2009.

OIC is shares company under establishment in accordance with the licensing and supervision of insurance business proclamation of Ethiopia – proclamation No 86/1994.

Share holders of oromia insurance company S.C should fulfill the legal definition of accompany defined in by the proclamation as follows:

“Company” shall mean a share company as defined under article 304 of the commercial code of Ethiopia in which the capital is wholly by. Ethiopian nationals and registered under the laws of and having its dead office in Ethiopia.

Objective of the company

The objectives of oromia insurance company are:

- ➔ To engage and carry out insurance business.
- ➔ To undertake, engage and carry out similar activities for the arraignment of its objectives

Vision: - “TO BE LEADING INSURER”

Mission:-

OIC has a vision to be a leading insurer which requires a sound insurance maker whose members should play their role to build a successful economy it will achieve its vision by

- Build long term beneficiaries relationship with its stake holders and other business partners.
- Employing developing and retaining highly motivated professional team of employees that add value to the company and its customers.
- Building profitability and financial strength suitable to be a leading insurer
- Practicing their business ethics and values
- Using information and communication technology

Core values

- ✓ Trust and mutual respect
- ✓ Professional excellence
- ✓ Integrity and transparency
- ✓ Commitment
- ✓ Pro active and responsive service

Administrative organs of the company

- General meeting of share company
- Board of directors
- Chief executive officer

Shares

1. Share should be of one class and be registered ordinary shares of the same par value. No person hold more than twenty percent (20%) of the company's share with his power and with any person who is below the age of 21 and related to him consequently in the first degree relationship
2. The issue of bearer shares and debentures by insurer is prohibited
3. Adhering to the above items (1) and (2) the provision of the commercial code on the issue and transfer or assignment of shares of Share Company shall apply to insurers licensed under this proclamation.

Share holders and financial status

OIC has 540 share holders with subscribed capital of 85,084,000 and 25,998,000 paid up capital. It is the only private insurance company to start business with an initial paid up capital of 29,998,000.

The constituent members of the funding share holders are:- share companies-cooperative unions-stake enterprise oromia-NGO and private limited companies

1.1.1. Background of the study

⇒ Employees' turnover is the willingness of employees to leave one organization for another creates a special challenge for human resource department. Because these departures are largely unpredictable, development activities must prepare employees to succeed those who leave. (Werther, 1997, p 328)

⇒ In human resource context, employee turnover or staff turnover is the rate at which an employee gains and losses employee, simple way to describe it are how long employees tend to stay or the rate of traffic through the revolving door.

⇒ Employee turnover refers to the process of employees leaving an organization and requiring to be replaced high turnover recruitment, selection and training, involves increased cost on many factors play roles in the employee or employees, wages benefits, attendance and job performance are factors that plays significant role in employee turnover. the work place environment and employee moral are also important aspect.

⇒ Oromia insurance company S.C (OIC) as one of private insurance companies, is striving to remain competitive in the industry by retaining its highly capable manpower making them adapt the current competitive market economy.

One major problem encountered in the human resource management of OIC is staff turnover. The cost of high staff turnover is substantial, at not only are there the direct financial cost of replacing but also other repercussion such as the potential loss of key skills, knowledge and experience disruption to operation and the negative effects on work force moral. In addition high turnover represents a considerable burden both on HR and line managers as they are constantly

recruiting and training new staff to solve these problem associated with high turnover OIC must first investigate the underlying causes. General retention difficulties are likely to require a broader and long term plan.

The overall aim is often to create a great place to work or to become an employer of choice in this research the students try to assess the factors of staff turnover; identify the reason for turnover and the initiatives introduced to address retention difficulties of human resource management of the company under the total “factors of employees turnover on oromia insurance company S.C. (OIC)

1.2. Statement of the problem

Turnover has become more serious than before it is increasing in alarming rate particularly in developing countries where brain drain also intensifies the problem. Excessive movement of those skilled labor forces is undesirable and quite expensive for developing countries.

Oromia insurance company s.c which is a recently established insurance company in Ethiopia is facing a significant turnover rate which is one of the ways affecting its day to day activities for the reason that the members leaving the company are in the industry. Therefore the researcher will tries to deal and address the following question.

1. What is the factor for employee turnover in OIC?
2. Is there any competitive pay rate, fair and transparent pay system?
3. Is there matching jobs to people for best use of skill, experience and competencies as will as staff aspiration?
4. Why the employees leave the organization voluntary?

1.3. Objective of the study

1.3.1. General objective of the study

The study were conducted to assess the factors that increasing turnover rates of employees of the company (OIC) S.C

1.3.2. Specific objective of the study

- ⇒ Explain factor to measure employee turnover
- ⇒ Set out why people leave organization voluntarily
- ⇒ To assess whether the assigned employee jobs matching with their skills, experience, competence as well as staff aspiration.
- ⇒ Assess whether competitive pay rates fair and transparent system in organization.

1.4. Significance of the study

Mainly this study has significance for the researcher and the organization.

For researcher, after completion of this study researcher get BA degree in management from Jimma University and it also enhance the ability and capacity to conduct the study in the future it gives experience.

For the organizations, give possible and critical recommendation regarding the problems that organization face. The other significance of this study can be serving as reference for the related study.

1.5. Scope of the study

As human resource management is so vast and broad the scope of the study will be limited on assessing one of the problems of the area which is the employee turnover on Oromia Insurance Company Woliso Branch.

Finally the paper address possible recommendation inferred from the study.

1.6 Limitation of the study

The following limitation was factors which affects or limits the researcher to get significant information on doing a good research.

This limitation includes:-

- Un willingness of respondents to answer the question
- Lack of experience to conduct research on the side of researcher
- The time given to collect the data were not enough

1.7 Organization of the study

The study is organized to the following parts. It has five chapters dealing with different chapters. The first chapter is an introduction part in which the back ground of the study, statement of the problem, mission and vision of organization, objective of the study, significance of the study, scope of the study and limitation of the study are addressed. The second chapter is deal with literature review that includes various issues about human resource development. The third chapter deals with methodology of the study. The fourth chapter deals with data analysis, interpretation and presentation and the last chapter is concerned with conclusion and recommendation.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Definition of employee turnover

Turnover is the willingness or an employee to leave one organization for another creates special challenges for human resource development. Because these departures are largely unpredictable development activities must prepare employees to succeed those who leave. (werther, 1997, p.328)

Employee turnover refers to the process of employees leaving an organization and requiring to be replaced. High turnover involves increased cost on recruitment selection and training. In addition high labour turnover may lead to disruption of production, problems in quality control and difficulty in building team work and moral. (K. swath pp.a, human resource and personnel management, (texts and cases) 2nd edition 1999, p, 587)

Turnover is defined as the name give to the measure of how many people come to work for you this and don't stay for one reason or another. Definition explains that employees may stay at work so long as there are satisfactory conditions, if unsatisfactory condition exist employees may resign from their Job. (Bittel 1980, p, 159)

Webster's third new international dictionary (1989, p 2469) defines turnover as: the number of person lived with in a period to replace those leaving or dropped from working place. The implication here is that productivity suffers when an organization is hiring new employees to replace those leaving from work place.

2.2. Types of employee turn over

Employee turnover is classified into two: voluntary turnover and in voluntary turn over

Voluntary turn over (voluntary separation)

They may happen naturally in the course of the business operation; people retire or resign (plunket and Attner p 272) this separation are usually initiated by employees. Those types of

separation occur when an employee decides, for personal or professional reasons to end the relationship with the employer the decision could be based on employee's obtaining better job, changing career or requiring more time for family. Alternatively, the decision to leave could be based on employees dissatisfaction of the current job because of poor working condition, low pay or benefit, unfair (bad) relationship with supervises and so, on (Gumz – mejja and others (1995 p.234)

Two types of voluntary turnover

Quits:- separation initiated by the worker. This depends on:-

- ⇒ The employee's level of satisfaction with the job
- ⇒ The number of alternatives the employee has outside the organization. This is difficult for organization to plan: because it can occupant time.

Retirements:- it is similar to quit that the employee initiates both however retirements differs from quit in a number of respects.

- ⇒ Retirement occurs at the end of an employee's career.
- ⇒ Retirement, usually results in the individuals receiving retirement benefit from the organization.

Managers can assist employees in planning their retirement and can plan in advance to replace individuals by grooming current employees or recruiting new ones to fill the anticipated job vacancies.

Certain percentage of labour turnover is unavoidable. Resignation, retirement death and transfers to take place causing displacement in work force. Similarly business expansion necessitates chring of people.

What should couse concern to the HRM is the avoidable turnover. Avoidable turnover gives an excellent measures or HR climate as it directs attention to that part of the turnover which can be reduced. The specific action theta will help minimize employee turnover shall be better hiring

practical, orientation training, working conditions, remuneration and benefits, and opportunities for advancement. (Aswathappa p 587 – 588)

Involuntary turnover (separation)

These types of turnover are usually initiated by the employer or they occur when management decides that it needs to terminate its relationship with an employee due to economic necessity or poor fit between employee and the organization. It is the results of very serious and painful decisions that can have profound impact on the entire organization, specially the employee losing his/ her job.

There are two types of in volunteer separation.

1. Discharges:- take place when management decides that there is a poor fit between an employee and the organization. The discharge is a result of poor performance or failure by the employee to change some unacceptable behavior that management has tried repeatedly to correct.
2. Lay off:- in a lay off employees lose their jobs because a change in a company's environment or strategy for cost it reduce the size of its work force. Global competition reduction in product demand changing technologies that reduces the need for workers. Lay off has a powerful impact on the organization remaining employees who fear losing their jobs in the future.

Whether the problem of turnover stems from voluntary or involuntary turnover, must be correctly identified before implementing control process.

However, this research will intend to look at the problem of voluntary turnover of employees of the organization.

Major factors of volunteer turnover

Volunteer turnover presents yet another issue for management to consider. There are several factors for this among them is.

1. Ease of movement

Depends largely on the personal characteristics of the employees and economic condition. For example employees with best work qualification are likely to find it easier to leave and find and get alternative employment opportunities.

2. Desirability of movement

Major factor that influence desirability to leave is employee dissatisfaction. The greater the satisfaction the lower the probability of leaving. This relationship is socially strong when economic condition in the external labour market is favorable. Employees will also leave a company due to lack of good communication between employers and employees because employees want to know that management is listening to them when they have complaints and or good ideas to share.

The personnel department is typically responsible for abstaining and relating information on employee satisfaction and encourage advancement through educational benefit or through a mentoring a program.

Finally, if a job dissatisfaction and personality conflict account for (take) a large number of separation, attentions should paid to job content and counseling consideration to the possibility of transferring desirable employees to other department where their abilities may be better utilized should be given.

Controlling employee's turnover

Employee turnover is major cost to business, it is very much costly in terms of time it takes to refill or replace the position. The time it takes to recruit anew employee and the time taking for training.

As recruitment process for a new employees is so costly in making advertisement is receiving applicants, qualification and work experience. In preparing test, interviews, making a final selection and training and orientation organization should give priority to retain (maintain) their employees.

During the recruiting process

Job should be out lined specified in such a manner that it should be a realistic and show the realistic preview of the job presented; so that the reality of the new employee a good way to eliminate voluntary turnover is to improve selection process and better match the applications to jobs. By fine turning that selection process and hiring people who will not have disciplinary people and law performance, employer can reduce in voluntary turnover.

Good employee orientation

Orientation is designed to provide a new employee with the information he/she needs to function comfortably and effectively in the organization.

Orientation is a planned introduction of employees to their jobs, their coworkers (Aswath appa 1999. P 175)

This also will help reduce turnover, because new employees are more likely to leave than employees who have been on the job longer. In addition to this employees who are properly inducted into the company and are well trained tend to be less likely to leave if people receive same basic information about the company and the job to be performed. They can determine early whether they want to stay or not. Orientation is bringing a person in to the specific working environment with emphasis on socialization the specific work and the work environment. (plunkett Attner 1983 p, 275)

Compensation

A fair and equitable pay system can prevent the employees turnover. An employee who is under paid relative to employees in other jobs with similar skills way leave if there is an inviting alternative job available.

The human resource perspective discusses finding that inadequate rewards may lead to volunteer turnover. Therefore when deciding what an employees should be paid, the company must compare the pay to labor market, job category, performance and time on the job. Being aware of employee problems and dissatisfaction may manager with opportunity to resolve them before they become so severe that employees leave.

Remuneration (compensation) occupies an important place in the life of an employee. His/her standard of living, status in the society. Motivation loyalty and productivity depend up on the remuneration he/she receives (Aswathappa)

Career planning and internal promotion

This can help organizations keep employees, because if individual believe they have no opportunities for career advancement, they may leave the organization. Career “shocks” that may lead to turnover included being turned down for a promotion. Being transferred to a new location without adequate training and believing that the immediate supervisor will not be fair as a result of a negative performance view.

Career planning is the process of choosing occupations, organization and routes that will help you achieve your career goals (mosley & et al, 1985, p 179)

Even though some turnover is inevitable organization must take steps to control turnover; particularly that which is caused by organizational factors. The HR activities of organization should be examined as part of turnover control effect.

Promotion

Is an improvement in pay, prestige, position and responsibilities of an employee within his/her organization. A mere shifting of an employee to a different job which has better working hours. Better location and more pleasant working conditions does not amount to promotion internal promotion has a positive impact on the organizational members and the internal working environment. The opportunity for advancement has three distinct benefits. It can reduce turnover, provide incentive to learn jobs quickly and assist in making the individuals a functioning

member or the organization faster because the person already knows the policies and expectations of the company (plunkett & Attener, p 250)

CHAPTER THREE

METHODOLOGY

3.1. Subject of the study

The study was conducted on the factor of employee turnover in case Oromia Insurance Company S.C Woliso Branch.

3.2. Target population

The study target populations are the employees and managers of the branch (Oromi Insurance Company Woliso Branch)

3.3. Data gathering tools

To gather the required information the researcher used questionnaires to the employees of the company and structured interview for the managers of the company. Questioners schedule consisted of both open ended and close ended questions.

3.4. Sample size

The sample size were apart of population that the sample taken from. Thus 23 respondents were taken from the total population of 192 that means 12% of the total population size would be taken.

3.5. Sampling technique

The sampling techniques used in this study were judgmental sampling techniques because the researcher selects units to be sampled on their knowledge and personal judgment. The other reason for selecting this method is it enables the researcher to freely select any respondents who can reply for the asked question and its less time consuming for the respondent.

3.6. Methods of data analysis

After completion of the data collection the researcher finding was organized and analyzed through the descriptive analysis method using this method the data collected by questionnaire method would be pass through the process of coding edition wold be checked manually for completeness. Then the edited data would be summarized in the form of statements, tabulation and pie chart.

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

Understanding the reason for staff turnover is a vital for organization seeking to improve their performance. The present study investigates the factors directly and indirectly associated with an intention to leave an organization and actual job search behavior among staff.

This chapter deals with the analysis and interpretation of collected data. The data is obtained through questionnaire distributed to 23 employees and all of them returned.

4.1. Respondents information

Table 4.1.

| Item no | Item | Responding | |
|---------|-----------------|------------|-------|
| | | No | % |
| 1 | Age | | |
| | a. Under 30 | 7 | 30.43 |
| | b. 31-40 | 7 | 30.43 |
| | c. 41-50 | 6 | 26.10 |
| | d. 52 and above | 3 | 13.04 |
| | Total | 23 | 100 |
| 2 | Sex | | |
| | a. Male | 15 | 65.22 |
| | b. Female | 8 | 32.78 |

| | | | |
|---|---------------------------------|----|-------|
| | Total | 23 | 100 |
| 3 | Working department | | |
| | a. Operational | 15 | 68.22 |
| | b. Finance & administration | 6 | 26.1 |
| | c. Advisory | 2 | 8.68 |
| | Total | 23 | 100 |
| 4 | Service year at OIC | | |
| | a. 1-2 | 9 | 39.13 |
| | b. 2-4 | 7 | 30.43 |
| | c. 4-6 | 6 | 26.09 |
| | d. Over 6 | 1 | 4.35 |
| | Total | 23 | 100 |
| 5 | Educational testimonial awarded | | |
| | a. Certificate | 2 | 8.7 |
| | b. Tech, & voc, diploma | 2 | 8.7 |
| | c. College diploma | 14 | 60.86 |
| | d. 1 st degree | 4 | 17.38 |
| | e. 2 nd degree | 1 | 4.35 |
| | f. Other | 0 | 0.00 |
| | Total | 23 | 100 |

Source: question data, 2014

As item 1 in table 4.1, 30.43% of the respondents are under 30 and 30.43% are between 31-40 this implies that the majority of respondents were fall under younger age. The other 26.1% fall under age 41-50 year while the remaining 13.04% fall under 51 and above years.

As item no 2 in table 4.1 shows 65.22% of the respondents were males while 34.78% of them were females. This reflects that the company's employees is denominated more by male employees.

The staffing shown under item no 3, shows 68.22% of the total respondents where engaged on the operational activity. This reflects that the company give more attention for the objective it is established for.

The other 26.1% comprise the supporting staff categorized under finance and administration department, while 8.68% were under advisory department

Item no 4, shows that the service years of that the respondents served the company is 39.13% 1-2 years of service therefore, we can deduce form the respondents under this category are new.

Still the other 30.43% of the respondent are who served 2-4 years which also be judged that the company is dominated by new employees. While 26.09% are services the company for 4-6 years and 4.36 were above 6 which are relatively serving company for longer period of time.

Item no 5 shows the educational testimonial they have been awarded. Out of the total no of respondents 60.86% are college diploma holders. 17.39 were 1st degree holders the other 8.7% have technical and vocational diploma and certificate for each. Professionals having 2nd degree in the company are insignificant compared to the above mentioned. This also reflects the dominance of middle level qualified personnel in the company.

4.2. Organizational Climate assessment in employees turnover is OIC

Here under the paper the reason for the existence of both voluntary separations from OIC within the frame work involuntary separation are studies with in the frame work of the efficiency of organizational climate is dealt

Awareness of job requirement before employment

One of the factors that contribute to employee turnover is believed to be the poor fit between the person and the job that weakens employee morale. 60.87% of the employees served on this study know what their job requires or expects from them at their time of employment. Thus their psychological contact is plausible among the majority of the employees within the survey. None the less the remaining 39.13% of the employees do not have any knowledge of what their job requires from them, hence dissatisfaction by the nature of the task that is required for its simplicity or complexity or difficult level could lead to voluntary separations of these groups of employees.

Table 4.2. Awareness of job requirement before employment

| Awareness of job requirement before employment | Response | |
|--|----------|-------|
| | No | % |
| Know the job | 14 | 60.87 |
| Do not know the job | 9 | 39.13 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Awareness of job description

We can learn from table 4.3 that the 65% of employees under consideration know their job description and are aware of what the job requires of them. The skill, the knowledge that would be demanded, the behavior and other competences that are essential to discharge is effectively. Yet 34.78% did not know their job description, hence it is difficult for them to understand whether they have right skill, competence etc. whenever they are assigned to a new task they may get confused and these could lead to voluntary termination.

Table 4.3. Employees knowledge of their job description

| Category | Response | |
|-----------------------------------|----------|-------|
| | No | % |
| Know their job description | 15 | 65.22 |
| Do not know their job description | 8 | 34.78 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Communication environment

Clearly if managers are impersonal, arbitrary and demanding, there is greater risk of alienation and turn over

Table 4.4. Level communication with management

| Level communication with management | Response | |
|-------------------------------------|----------|-------|
| | No | % |
| Excellent | 7 | 30.43 |
| Good | 6 | 26.07 |
| Poor | 10 | 43.50 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Table 4.5. Level of communication with immediate supervisor

| Level of communication with immediate supervisor | Response | |
|--|----------|-------|
| | No | % |
| Excellent | 6 | 26.09 |
| Good | 11 | 47.82 |
| Poor | 6 | 26.09 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Table 4.6. Level of communication with colleagues

| Level of communication with colleagues | Response | |
|--|----------|-------|
| | No | % |
| Excellent | 15 | 65.22 |
| Good | 7 | 30.43 |
| Poor | 1 | 4.35 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Review of the communication climate with top management.

Table 4.4. indicates that the majority of respondents 43.50% responded stating that they have poor communication with management, the remaining 30.43% and 26.07% of the respondents stated that they have excellent and good communication with management respectively.

In additions to this as shown in table 4.5 we observe that 74% of the respondents have either excellent or good relation with their immediate supervisor. Still the remaining 26.% significant of not alarming. Non the less, these employees for fear of possible poor performance appraisal or loss of potential growth opportunities are likely to flee voluntarily save face.

Looking in to table 4.6 the communication between colleges is excellent or good by 96% of respondents, which could be the give for a possible retention for some employees 4.35% of the respondents have poor communication between peer.

Participation in of decision making

It is believed that employee participation indecision making process has a positive impact on employee retention. Review of involvement in decision making by the lion’s share of employee. See table 4.7 indicate that 47.83% of employees perceived that they are into way involved in decision making activity in one form or another.

This has a significant impact on problem ownership by employees, which will lead to disappointments and problem to flee the organization as a whole. Only 21.74% responded that they participate in decision making concerning their job. And still the remaining 30.43% who are involved less frequently in the decision making process would sooner or later be demotivated and are highly likely 10 leave the organization.

Table 4.7. degree of participation in decision making

| degree of participation in decision making | Response | |
|--|----------|-------|
| | No | % |
| Fully | 5 | 21.74 |
| Not at all | 11 | 47.83 |
| Some times | 7 | 30.43 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

Team working

It is also assumed that there is a relationship between social integration of the group and individual turnover. Team working is not encouraged by management. rather unnecessary competition is manifested in OIC close evaluation of table 4.7 shows that 56.56% of the employees that were covered by the study underlined that management does not encouraged, while the remaining 30.44% some times of encouraged to take part in team works. Taking the nature of work in OIC, that is insurance the degree of team work only 13% very alarming.

Table 4.8. Team working in OIC

| Encouragement of team working | Response | |
|-------------------------------|----------|-------|
| | No | % |
| Usually | 3 | 13.04 |
| Sometime | 7 | 20.44 |
| Not at all | 13 | 56.52 |
| Total | 23 | 100 |

Source:- questionnaire data 2014

On the job training

Training requirements are very much dependent upon staff turnover. The staff can be seen in to table 4.9, 65.22% of the respondents said OIC does not provides on the job training. While 34.76% claim that there is on the job training though it is usually short in its nature as the majority believe that there is no the job training there is possibility that employees who are a sparing a better position for fear of lack of the job training and or its inadequacy would prefer not to compete the next position or leave the organization to save face.

Table 4.9. on the job training in OIC

| Availability of on the job training | Response | |
|-------------------------------------|----------|-------|
| | No | % |
| There is on the job training | 8 | 34.78 |
| There is no on the job training | 15 | 65.22 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Table 4.10. Reason for absence of on the job training

| reason for absence of on the job training | Response | |
|---|----------|-------|
| | No | % |
| No training section | 4 | 17.39 |
| The management does not need | 8 | 34.70 |
| fear of cost to be incurred | 2 | 8.70 |
| Other | 0 | 0 |
| No response | 9 | 39.13 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Further assessment of the cause for absence of on the job training in OIC expose that see table 4.10 the majority of the employees does not have any response or do not know the actual cause. But still, a significant proportion, 34.78% believe it is management cost cutting activity.

Though as suggested by 17.39% of the subjects, in availability of training center in OIC for absence of training, it the management founds it to be essential it could have used different arrangements to carry out the training.

Position assignment and qualification

The major reason for high turnover on organization is believed to be poor link between positional job assignment and qualification. In OIC the line between qualification and position assignment in the majority of cases 47.82% is good, the remaining 53% of the instance the line between employees position and qualification is either partial or completely in existent.

Although in areas where there is a partial link can be adjusted through on job training the absence of the letter makes the link more difficult.

Table 4.11. The relationship between job assignment and qualification.

| The relationship between job assignment and qualification | Response | |
|---|----------|-------|
| | No | % |
| Fully | 11 | 47.82 |
| Partially | 6 | 26.09 |
| No | 6 | 26.09 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Leadership style

Many believe the main contributor to turn can directly to management practice and leadership style. Turn over tends to be higher in environment where employees feel they are taken advantage of, where they feel undervalued or ignored, and when they feel helpless or un importpotat review of leadership styles; indirect contribution to voluntary leave in OIC indicates;

table 4.12 shows that 47.83% of the respondents regard it as bad. Units with managers who used a positive leadership style had lower levels of staff turnover and units with negative leadership styles had lower levels of staff turnover and units with negative leadership styles would end up on high turnover and units with negative leadership styles would end up on high turnover. The remaining 52% of the employees are quite happy with the leadership style in OIC.

Table 4.12. Leadership style.

| Evaluation of leadership style | Response | |
|--------------------------------|----------|-------|
| | No | % |
| Excellent | 1 | 4.35 |
| Very good | 3 | 13.04 |
| Good | 8 | 34.78 |
| Bad | 11 | 47.83 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Salary qualification and experience and turnover

The prospect of getting higher pay elsewhere is one of the most obvious contributors to turnover. This practice can be regularly observed at all levels of the economic ladder, from executive and generously paid professionals in high- stress positions to enter – level workers in relatively undemanding jobs.

However, there is considerable evidence that money is often not the root cause of turnover. Even when it is a factor in an employee’s decision to quality. Rather, some experts believe that high turnover persists in certain jobs and companies because they have an atmosphere in which employees look for reason to leave, and money is a convenient and sometimes compelling justification.

Table 4.13 salary earnings in relation to qualification and experience of employees.

| Relationship between salary and qualification and experience | Response | |
|--|----------|-------|
| | No | % |
| Excellent | 0 | 0 |
| Very good | 4 | 17.39 |
| Fairly good | 9 | 39.13 |
| Below your qualification | 10 | 43.48 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

As can be assessed from table 4.13, 43.48% of the respondent said that the salary they get is below their experience and qualification. It is obvious to conclude these people are highly likely to quit and join other companies for a better salary. Assuming that other factor remain the same.

Those who responded that the link between their salary with the experience and qualification as very good are likely to stay there again assuming that other factors do improve. The writer of this report believes that those who had evaluated the line as fair are likely to swing in any direction based on the salary seals that they are going to assume in their next levees.

A follow – up assessment of respondents assessment of their salary with other in the insurance industry in Ethiopia indicates that most of the respondents, 69.57% respondents that their salary is below the industry. See table 4.14 while 30.43% states that their salary is comparable or the same as others employees in the industry (insurance industry).

Table 4.14 employees attitude towards salary similarity in the industry.

| How do you nosier your salary in comparison with other in the industry | Response | |
|--|----------|-------|
| | No | % |
| Above others | 0 | 0 |
| The same with others | 7 | 30.34 |
| Below others | 16 | 69.57 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Attitude and feeling about current job

One of the major factor for turnover is the job itself. If the job is boring repetitive and routing it is highly likely to result in employee dissatisfaction and leading to both voluntary and in voluntary leave from the organization. The majority of the respondents in the survey, 53.17% disclosed that that current job is boring and that they dissatisfied with their job hence this might lead to voluntary termination. The others 43.48% gave respond stating that their job is excellently interesting and very interesting.

Table 4.14 employees attitude and feeling about their current job

| employees attitude and feeling about their current job | Response | |
|--|----------|-------|
| | No | % |
| Excellent | 5 | 21.74 |
| Very good | 5 | 21.74 |
| Fairly good | 12 | 52.17 |
| Below your qualification | 1 | 4.35 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Attitude of employees towards employees turnover

Employees resign for many different reasons. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce which “pulls” them, on other occasions they are “pushed” due to dissatisfaction in their present jobs to seek alternative employee. Sometimes it is a mixture of both pulls and push factors. Push factors are a great deal more significant in most resignations than most managers appreciate. It is relatively rare for people to leave jobs elsewhere. Most staffs have a preference for stability.

Analysis of cause for high turnover in OIC is attributed mainly to poor performance management and reward system. Inappropriate management style and unfair payments in that order are mentioned as the reasons for employees to leave the job of the company.

Table 4.16 attitude of employees towards employee turnover .

| Reason for voluntary termination in OIC | Response | |
|---|----------|-------|
| | No | % |
| Unfair payments | 1 | 4.35 |
| Improper management | 3 | 13.04 |
| the non- existence of reward system | 7 | 30.43 |
| All | 12 | 52.18 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Impacts of employees' turnover in OIC

Employee turnover have a significant in the performance of organizations. The effect could be from loss of decline in customer service and productivity to demotivaiton of other customer service and productivity to demotivation of other employees who have remained there who carry the loads of the people who left the organization to high cost of HR management activities. Looking 4.17 pinpoints that 78.26% of the respondents covered by the survey respondent stating that decline in productivity during the vacant period and the learning curve of the new employee, difficulty in getting qualified person to fill the gap immediately and unexpected and un necessary cost incurred are the main impacts created against the company because of employees' turnover.

We can generalize from this situation that turnover of employees have along negative effect over an organization.

Table 4.17 impacts of turnover in OIC .

| Impacts of turn over | Response | |
|---|----------|-------|
| | No | % |
| Works of the employees left the company will be vacant unit new are so employee and trained and productivity will decrease. | 2 | 8.7 |
| Impossible to get qualified person to fill the gap immediately | 1 | 4.34 |
| If brings unexpected and unnecessary cost against the company | 2 | 8.7 |
| All | 18 | 78.26 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Employee and management discussion

The link and importance of top and front line managers frequent discussion with employed is related directly to the level of commitment. Motivation and satisfaction reported by employees. A poor relationship with manager can be an important reason for individuals leaving their organization but its significance can be masked as a result of the difficulties associated with exit interviews.

Assessment of the response given to the degree of discussion between management and employees 39.13% of the employees do not recall the time were discussion between them and management. While 43.48% of the respondents, surprisingly do not know when there discussion has taken place with management or not. Only 13.04% had a discussion with management in one form or another. This indicates that the management is out of reach and is not in a position to know either primes of their employees or problems associated to voluntary termination. We can infer from the response that the door of the management in the company is closed to its employees.

Table 4.18 employees management discussion assessment

| Presence of employed management discussion | Response | |
|--|----------|-------|
| | No | % |
| Yes | 3 | 13.04 |
| No | 9 | 39.13 |
| I don't who | 10 | 43.48 |
| No response | 1 | 4.35 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

A follow- up on the above question on whether openness has been developed or a consensus has been reached or not.

Table 4.19 indicates that 86.95% or the respondent covered by the survey said that the relation between management and employees regarding openness and management and employees regarding openness and consensus is very low. This reflects that the gap between the management and to employees of the company is much wider. Only 8.70% of the respondents regard that there is openness and consensus among employee and management for the proportion is small, the writer of this report believes that these groups of respondent could be members of the management team.

Table 4.19. assessment of openness and consensus in OIC

| assessment of openness and consensus in OIC | Response | |
|---|----------|-------|
| | No | % |
| Very high | 0 | 0 |
| Good | 2 | 8.70 |
| Very much less | 20 | 86.95 |
| No response | 1 | 4.35 |
| ‘Total | 23 | 100 |

Source:- questionnaire data, 2014

Another follow – up on the reason for the managements being out of touch indicates that the possible main cause are management un willingness to cooperate with employees see table 4.2

Table 4.20 reason for management being out of touch

| reason for management being out of touch | Response | |
|---|----------|-------|
| | No | % |
| Because the management does not need to cooperate with employees, | 15 | 62.22 |
| Because employees does not need to cooperative with management | 1 | 4.35 |
| No response | 7 | 43.43 |
| ‘Total | 23 | 100 |

Source:- questionnaire data, 2014

Measures taken to reduce employee turnover

Although OIC still accept turnover as an inevitable factor “or” necessary evil and the result of employing people, it has seen this as an unnecessary cost and developed strategies to encourage staff retention.

According to the response giving Table 4.21, 52.17% of the respondents believe that the management of the company, kept silent from taking any action so as to retain its employees or do not consider any actions taken to this effect as negligible. Yet 43.48% of the respondents recognized that the management of the company applied improvement on salary in order to retain employees and another 4.35% regarded internal promotions has been done in order to contain turn over. The writer of this paper deduce from the response given by the respondents that the management of the company didn't give due attention to staff turnover in the company.

This shows that the human resource is less valuable for the company than the profit.

Table 4.21 actions taken to reduce staff turnover

| actions taken to reduce staff turnover | Response | |
|---|----------|-------|
| | No | % |
| Internal promotion | 1 | 4.35 |
| Improvements on salary payment | 10 | 43.48 |
| Applying other benefits (payment of education fee and other | 0 | 0 |
| No action has been taken | 12 | 52.17 |
| Total | 23 | 100 |

Source:- questionnaire data, 2014

Intention to leave your organization

The study also assessed the intention of the respondents attitude on leaving voluntarily OIC it did not come as a surprise to the writer of this report that the existence of employees with the company. Which amounts to big 69.57% have an intention to leave the company and 17.39% of do not respond to the questionably 13.04% don't need to leave the company.

From the response given we can conclude that most of the employees are dissatisfied with the company's management and even the non-respondents reflect that they are not satisfied with the company's management out look that they do not want to leave the company reflects that these are employees who served the company for long or are share holders and who are in need to letting more profit and pay at the time of separations.

Table 4.22 intention to leave OIC

| intention to leave OIC | Response | |
|------------------------|----------|-------|
| | No | % |
| Yes | 16 | 69.57 |
| No | 3 | 13.04 |
| No response | 4 | 17.39 |
| 'Total | 23 | 100 |

Source:- questionnaire data, 2014

A follow up on the reasons why the employees want to leave the company indicted that 35% of the employees want to terminate work in OIC because of unfair payment and rewards system and dissatisfaction on the job, only 8% of the employees have reasons to leave the company the former two and disagreement with the management.

A follow-up on the reasons why the employees want to leave the company indicates that 35% of the employees want to terminate work in OIC because of unfair payment and rewards system and dissatisfaction on the job. Only 8% of the employees have reasons to leave the company the for mar two and disagreement with the management.

Table 4.23 reasons why employees want to leave OIC

| Choice given | Response | |
|----------------------------------|----------|-------|
| | No | % |
| Unfair payment and reward system | 1 | 4.35 |
| Dissatisfaction on the job | 1 | 4.35 |
| Disagreement with management | 0 | 0 |
| Other | 4 | 17.39 |
| A & B | 7 | 30.43 |
| A,B & C | 2 | 8.70 |
| No response | 8 | 34.72 |
| ‘Total | 23 | 100 |

Source:- questionnaire data, 2014

It is also a surprise to the rater of this report that though 34.78% of the employees had the desire to leave the company they have other reasons than the above ones. The bottom line however is that, these employees have a desire to leave OIC foe one reason or another.

4.3. Interview analysis

In this part information collected through interviewing selected members of the management committee and section heads of the personnel administration will be presented, analyzed and interpreted. The interview focused on assessing the stand of the human resource management of the company concerning employees turnover.

Then question were used as a guide line. The basic focus of the discussion is on the employees turnover which the company faced. As one respondent from the management committee gave his response. He said that the company is forcing high employee turnover especially during the last two years. According to the opinion of the HR head is attributed to the demand of skilled labor within the industry. Those business e which are engaged in the insurance business makes employees escape giving them few increment to salary they earn at present.

He said, the company gave due attention to the situation and recently applied new salary scale and made a salary improvement also for all employees of the company accordance with their qualification, work experience and the position they have. This relatively served as retaining mechanism for employees with the company.

Until recent times, the company didn't use exist interview, but new stated doing so specially for those who leave from key positions. This is done by the GM himself.

Some benefits are also provided to employees like life insurance, medical insurance, group accident insurance. All the above insurance benefits are for 24 hours since they exist within the company. In addition to this, the company gives one month salary as a bonus every year until now. This is as long as the company is profitable it its operation and salary increment is also given every year one to three step increment depending on the performance of the employees.

The authority who has been interviewed regarding the way promotion is carried said that it was done based on merit. He also suggest as there are excess skilled man power in the market, the company faced no problem as a result of employees turnover.

The other respondent also of fetch opinion that in general employees are dissatisfied for the reason that they need salary improvement every time. He said that the company is late in making restricting and applying new salary scale so that many of the employees especially those who

recently left their job are employed in competitive companies in the same business. This situation somehow effected the company and due attention should be given and immediate action should be taken in order not loose skilled man power.

All those who have been interviewed have the same attitudes towards the employees turnover that the company didn't encounter a serous problem since employees can be transferred from one job to the other.

Concerning the HRM department of the company the respondents said that there is no formally established department until now. But in the future the recently applied organization structure gave it due attention and will be established soon. Unit now, the personal section is under the finance and administration operation having only two employees. This shows that the human resource of the company is for gotten.

In general, the human resource of the company is weak because of the following limiting factors.

1. No sufficient personal in the section
2. The work to be done in the section is seen as routine clerical work rather than strategic and professional by the management of the company.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

According to the response giving employees are on the verge of leaving the company unless other wise measures in taken to retain them within the company. In general the human aspect of the company did not be given due attention by the management. This has a negative effect and will create disatraginst the company, therefore much has to be worked on the human resource management (HRM) of the company.

The financial and non financial outcomes of reducing employees turnover are significant reviewing various aspect of OIC and taking appropriate action will help in reducing employee turnover. While this process requires time and effort it will save OIC's time effort and money in the long run. The result of this processes improve organizational performance, predictive and profit.

OIC has to give prospective employees a realistic job preview at the recruitment stage. Take care not to raise expectation only to dash them later. Where possible invite applicants o work a shift on the job before committing themselves. It has to maximize opportunities for individual employees to develop their skills and move on in their careers. Where promotion are not feasible look for sideways move that vary experience and make the work more interesting.

OIC has to provide as much job security as possible,. Employees how are made to feel that their jobs are precarious may out a great data of effort in to impress, but they are also likely to be looking out for more secure employment at the same time. Security and stability are greatly valued by most employees.

The single most critical element in engaging the work force may be the effectiveness of an organizations leadership. While here are many reasons for mobility – not least the rationalizations or other causes that causes job insecurity there is clear evidence identifying the key influence of staff turnover. Put simply, employees leave managers. Not companies. Hence OIC has to adjust its leadership to meet its industry.

Although clear financial estimates of turnover cost in OIC is not available and difficult to make cost associated to customer service disruption, emotional costs, loss of experience and continuity. OIC should evaluate the training and development activities of its employees continuously. Training employees in the skills they need to successfully perform their job with contribute to the overall success of OIC and improve their productivity and morale of the employees leading to high retention.

Employees job satisfaction is determined by the quality of his/her relationship with the manager. OIC is foundering to day in its attempts to improve employee retention because it has not placed due attention.

OIC should evaluate the training and development activities of its employees continuously. Training employees in the skill they need to successfully perform their job will contrary to the overall success of OIC and improve their productivity and morale of the employees leading to high retention. OIC has to setup its own training center and pick from among the best graduates.

OIC has to uncover the source of staff turnover by evaluating each position one by one- asses whether the work environment is nice one or not, check to see if an accouate up-to – date training manual deists for each position in your proactive and conduct training periodically.

OIC has to determine whether your staff members are focusing solely on their own work or are working together as a team and improve team work... make line managers accountable for staff turnover in their teams. Reward managers whose record at keeping people is good by including the subject in appraisal. Train line managers in effective supervision before appointing or promoioting them. Offer re-training opportunities to existing managers who have a poor record at keeping their staff.

OIC has to defend against penetration by head hunters and other keeping to coach skilled staff. The country's work place depends on a relatively small pool of skilled needed in a service and knowledge economy, the scarcity of skilled resources creates a pressure cooker of opportunity for job happens who are reduced by financial rewards.

A good way to learn the cause of turnover is conducting an exit interview with departing employees. As for suggestions from department employees on how their former poisons could be improved for future employees.

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Part II

1. Do you know your job at the time of your employments with the company?
A. yes B. No
2. Do you know you job description A. yes B. No
3. Is your communication with management A. excellent B. good C. poor
4. Is your communication with you're your immediate supervisor
A. excellent B. good C. poor
5. Communication between you and your mates
A. excellent B. good C. poor
6. Do you participate indecision making where ever your ability is required?
A. Yes B. No
7. How about team work in your organization?
A. Usually encourage by the management
B. Sometimes encouraged by the management
C. Not at all encouraged
8. Does your organization give on job training
A. Yes B. No
9. If no, what do you think is the reason?
A. No training section
B. The management does not need
C. Fear of cost to the be incurred Other

10. Have you been assigned to your current position based on your field of study (qualification)?

- A. Yes B. No

11. How do you rate the leadership style in your company?

- A. Excellent B. good C. fair D. bad

12. How is your salary inflation to the qualification and experience you have?

- A. Excellent B. very good C. family good D. below qualification

13. How is the salary you earning relation to other contenders in the industry?

- A. Above others B. the same with others C. below other

14. How do you feel about your current job?

- A. Excellent interesting B. very interesting C. boring

15. What do you think is the reason for employees turnover in your organization?

- A. Unfair payment C. improper management
B. The no- existence or reward system D. All

16. Have you seen any discussion between the management and employees as is why the employees are leaving the company on their own will?

- A Yes B. No C. I don't know

17. What do you think is the relation between the management and the employees concerning openness and consensus?

- A. Very good B. good C. very much less

18. If your answer for the above is very much less what do you think is the reason?

- A. Because management does not need to cooperate with employees
B. Because employees does not need to cooperate with management.

19. What management action have been taken to retains its employees with in the company?

A. Internal promotion

B. Improvement on salary payment

C. Appling other benefits payment education fee and others) _____

D. On action has been taken

20. Do you have intention to leave your organization?

A yes B. No

21. If, your answer for the above is yes what will be the reason for if?

A. Unfair payment and reward system

B. Dissatisfaction on your job

C. Disagreement with the management

D. Others _____

Interview

1. Did the company has employee turnover?
2. How do you rate the turnover? High? Low?
3. If high what do you think is the reason?
4. What methods of retaining employed do the HRM of the company use?
5. Do the company use any interview for the employees leaving the company?
6. What motivation methods are used for employees?
7. How is promotion being carried out?
8. Do you think that there is employees dissatisfaction?
9. What do you think is the reason from you and the management point of view?
10. What mechanism have been taken to overcome the problem?