

Determinants of Employees' Turnover Intention of Bureau of Finance and Economic Development of Benishangul Gumuz Regional State, Ethiopia

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Abstract

The objective of this study was to investigate the determinants of employees' turnover intention of Bureau of Finance and Economic Development (BoFED) of Benishangul Gumuz Regional State, Ethiopia. This study focused on experts who work in Bureau of Finance and Economic Development. Researchers used questionnaire to collect data from the respondents. A total of 94 questionnaires were distributed and 81 usable responses were received and then analyzed by using SPSS Version 20. For this study, the dependent variable (turnover intention) and five independent variables such as organizational commitment, promotion opportunity, salary, work environment, and job satisfaction were identified. The results provide understanding that how these variables are related with and affect the turnover intention. According to the correlation output, all study variables are negatively related with turnover intention. The result of the regression analysis also indicated that all of the independent variables are making 73.4% contribution for turnover intention of experts of BoFED in Benishangul Gumuz Regional State (BGRS). Then, the researchers recommend that the bureau should focus on the most influential factors that affect turnover intention identified by this study and take appropriate measures so as to reduce turnover intention and turnover of experts and retain them for a reasonable longer period of time.

Keywords: Turnover intention, Organizational commitment, Work environment, Job satisfaction

1. INTRODUCTION

Human resource is the most important resource of any organization. The attraction and retention of qualified employees is more important today than ever before. It is the people who staff and manage the organizations. Technology and materials cannot operate in isolation. They need the human touch to make an organization perform effectively and efficiently. Roshidi (2014) cited that the growth and success of any organization depends very much on its employees. Therefore, managers must recognize that employees as major contributors to the efficient achievement of the organization's success (Abbasi and Hallman, 2000).

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Although they invest a lot on employees, they encountered the challenge of turnover. Turnover among the employees is one of the biggest challenges for any organization and have far lasting effects (Roshidi, 2014). The organizations can reduce turnover rate but they cannot reduce it to 0% so that they should try to retain their employees and save their costs (Iqra et al, 2014). Thus, organizations should use strategies to minimize employee turnover intention and actual turnover. This research was conducted among employees of BoFED. It is one of the macro and key government organizations of Benishangul Gumuz Regional State (BGRS). It plays a paramount role in planning, reporting, monitoring, and evaluation of social and economic development issues in the region. Besides, it is responsible for the public financial management of the regional state. Employees with first degree and above should be retained and used for a reasonable period of time by the bureau so as to make it effective and successful in providing the expected services. This study attempted to examine determinants of turnover intention of employees of BoFED in Benishangul Gumuz Regional State and to suggest possible recommendations that could help the bureau to reduce turnover of qualified and experienced employees.

1.1 Statement of the Problem

Employee turnover is one of the major topics in the study of human resource management. It is not enough to get good people into the organization. They have to be kept there (Armstrong, 2010). A successful organization is a one which is willing to retain its employees, knows their needs and capable of satisfying it, keeps them involved and engaged all the time (Ghada et al., 2017). Obviously, any organization needs to retain competent and talented people for the effectiveness of the organization. But there are several factors that influence such people to leave their organizations. Turnover is a painful issue in the organizations. Losing a single key worker can decrease the likelihood of a project's success and can reduce investors' confidence in the firm (Lee and Mitchell, 2000). BoFED of BGRS has been encountering some level of employees' turnover. The bureau has been losing highly qualified and experienced experts since its establishment. Particularly it is not easy for BoFED to replace such kind of resigned competent and experienced experts. Even there is also intention of

turnover of employees in the bureau. Many studies have been conducted related to employee turnover intention in different organizations and areas. However, determinants of the turnover intention are not exhaustively identified and their effects are not determined in BoFED. In other words, no research has been studied concerning turnover intention in BoFED of BGRS, Ethiopia. Therefore, it is evident that there is a knowledge gap to be filled. Hence, the purpose of this study is to fill this gap by identifying determinants and determining their effect on employee turnover intention of BoFED in BGRS.

1.2 Objectives

- To find out the relationship between organizational commitment and turnover intention of employees of BoFED.
- To find out the relationship between promotion opportunities and turnover intention of employees of BoFED.
- To determine the relationship between salary and turnover intention of employees of BoFED.
- To examine the relationship between work environment and turnover intention of employees of BoFED.
- To determine the relationship between job satisfaction and turnover intention of employees of BoFED.

1.3 Research Hypothesis

- H1: There is a negative relationship between organizational commitment and turnover intention of employees of BoFED.
- H2: There is a negative relationship between promotion opportunity and turnover intention of employees of BoFED.
- H3: There is a negative relationship between salary and turnover intention of employees of BoFED.
- H4: There is a negative relationship between work environment and turnover intention of employees of BoFED.
- H5: There is a negative relationship between job satisfaction and turnover intention of employees of BoFED.

1.4 Scope of the Study

This study focused on determinants of turnover intention of employees. The study confined on five independent variables namely organizational commitment, promotion opportunity, salary, work environment, and job satisfaction. In terms of location, the study was conducted at Bureau of Finance and Economic Development (BoFED) of Benishangul Gumuz Regional State, Ethiopia. The researcher consider only those employees who obtained first degree and above as respondents of this study.

2. Literature Review

2.1 Turnover and Turnover Intention

A number of terms have been used for employee turnover, such as quits, attrition, exits, mobility, migration or succession. Employee turnover as defined by Reggio (2003) is the movement of employees out of an organization.

Turnover intention can be defined as a conscious and deliberate willingness to leave the organization (Tor and Owen, 1997). According to Lee and Bruvold (2003), turnover intention, a strong predictor of quitting an organization, becomes a final step before an employee actually leaves the organization.

2.2 Factors Affecting Turnover Intention

There are several factors that affect turnover intention of the organizations. The variables chosen for this study were organizational commitment, promotion opportunity, salary, work environment, and job satisfaction.

Organizational commitment and turnover intention

Organizational commitment is said to be an important variable in the discussion of intention to leave. Committed employees are more likely to engage in productive behaviors and less likely to leave the organization (Meyer et al, 1993). Mowday et.al (1982) defined organizational commitment as a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization.

Promotion opportunity and turnover intention

Perceived career opportunities outside the organization and lack of career advancement opportunities inside organization increase the employee's intentions to leave the organization (Stahl et al., 2009). It is imperative that all key employees have a view of his future role in the organization otherwise he/she may decide to leave the organization for a career elsewhere (Lewis, 2008). Satisfaction with promotion was the variable to make a significant contribution to the prediction of turnover intention (Kuria et.al, 2012).

Salary and turnover intention

One of the most common reasons given by employees to leave their current employment is the availability of

higher salary jobs elsewhere. Compensation is one of the reasons of turnover of employees (Nawab and Bhatti, 2011). Poor salary is mentioned as one of the reasons to leave an organization. Ghiselli and Bai (2001) suggested that most employees will choose to leave when the organization lowers their salaries.

Work environment and turnover intention

Work environment is one of the factors that affect turnover intention of employees. According to Mano and Shay (2004), unfavorable and poor working conditions are mentioned as a major reason for high turnover intention among employees. Most businesses ignore the working environment within their organization resulting in an adverse effect on the performance of their employees (Spector, 1997). According to Spector, working environment consists of safety to employees, job security, good relations with co-workers, recognition for good performance, motivation for performing well and participation in the decision making process of the firm.

Job satisfaction and turnover intention

Job satisfaction has been identified as a key variable in predicting turnover intention. Employees are likely to leave from their organization if they are dissatisfied with their work. Aydogdu and Asikgil (2011) mentioned that job satisfaction has effect on staying in or leaving the organization. Employees who are not satisfied with their jobs will experience negative attitudes towards their jobs and positive attitudes towards the intention to quit the job (Han and Jekel, 2011). Dissatisfaction with one’s job may result in higher employee turnover (Chaulagain and Khadka, 2012). Job satisfaction and turnover intention are negatively related (Ahmad et.al, 2012).

2.3 Conceptual Framework

A conceptual framework shows the interaction between independent and dependent variables. The independent variables are those factors which affect turnover intention of employees of BoFED in BGRS. Figure 2.1 shows the conceptual framework of this study.

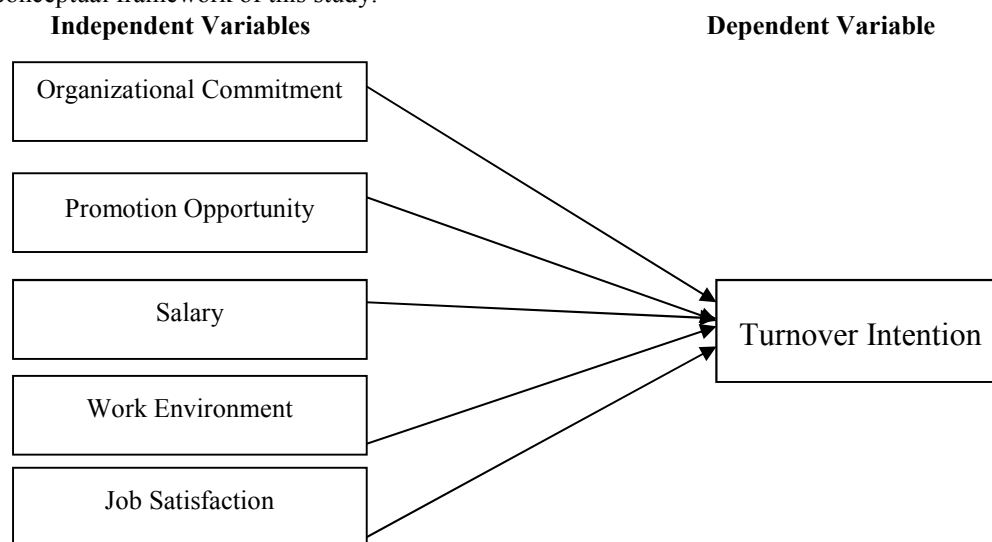


Figure 2.1 Conceptual framework of the study
 Source: Own literature review

3. Research Methodology

Research Design

The research designed used for this study was descriptive and explanatory research design. This study describes and critically assesses factors that determine turnover intension of employees of BoFED in BGRS. Descriptive research design is designed to obtain information, which concerns the present status of phenomenon.

Target population, Sample size and Sampling technique

The target population of the study was 123 employees who have first degree and above and who worked at least one year at Bureau of Finance and Economic Development. To determine the sample of 94 the researcher used the following sample size formula of Yamane (1967).

$$n = \frac{N}{1 + Ne^2} = \frac{123}{1 + 123 (0.5)^2} = 94$$

Where: n is the sample size, N is the population and e is margin error of the study set at ±5%. The researchers used simple random sampling technique in order to select 94 respondents from the target

population. Primary data was collected directly from the selected respondents. The type of instrument used to collect data was questionnaire. The questionnaire contained close-ended questions. The questionnaires were distributed in person to respondents. Respondents were asked to rate their opinion on a five-point Likert-type response scale, varying from strongly disagree (value = 1) to strongly agree (value = 5).

Data Analysis Methods

The researcher reviewed the appropriate statistical data analysis tools namely descriptive and inferential statistical analysis. The data was screened and treated for errors and missing values. The data collected through questionnaire was analyzed using Statistical Package for Social Sciences (SPSS) Version 20. Descriptive and inferential statistics were used to analyze the data. Pearson-product moment correlations and multiple regression analysis were performed to test the research hypothesis.

Reliability Analysis

To carry out the reliability analysis, Cronbac’s Alpha (α) is the most common measure of scale reliability. Cronbac’s alpha was developed by Cronbach (1951) to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1, the acceptable values of alpha, is greater than or equals to 0.70. As illustrated in table 3.1, the Cronbach’s alpha coefficients of all independent variables are greater than 0.70 which means the instrument for this research is reliable.

Table 3.1 Reliability coefficients of Variables

No.	Variables	No. of Items	Cronbach’s Alpha coefficient
1	Organizational Commitment	8	0.770
2	Promotion Opportunity	5	0.828
3	Salary	3	0.889
4	Work environment	7	0.700
5	Job satisfaction	6	0.830
6	Turnover Intention	3	0.931

Source: Own survey data 2018

4. Analysis and Discussion

This section presents analysis and results of the study. The data gathered through questionnaire was classified, tabulated and summarized using percentages and tables. The discussion begins with the response rate followed by the descriptive statistics of demographic characteristics of respondents. The results of the correlation analysis and regression analysis were also presented. The data was collected and then analyzed in response to the objectives of the study. A total of 94 questionnaires were distributed and 81 usable questionnaires were returned from respondents. This represents a response rate of 86%.

4.1 Descriptive Statistics

In this section, gender, age, experience, highest level of education, working experience, marital status of the respondents and other items of the questionnaire were analyzed.

Regarding the gender composition of the respondents, 47 (58%) were male and 34 (42%) were female. Out of the total respondents 75% were married and 16% were single, and the remaining 9% were divorced ones. Most of respondents (75%) were below the age of 40 years. This indicates that most of the experts in the bureau are in their most productive age group. This means the bureau has more energetic workforce for longer periods since if these employees will continue working within the bureau in the future. Concerning the working experience of respondents, 68% of the respondents have worked for more than 5 years. The finding shows that the majority of respondents were experienced ones.

The respondents were also asked to indicate their highest level of education which they attained. 89% of respondents had first degree, whereas 11% of them indicated that they attained second degree as their highest educational level. This reveals that there is shortage of employees who have above first degree in BoFED since it is a macro organization that is responsible for the overall social and economic performance and development of the regional state.

4.2. Turnover Intension Status of BoFED Employees

As shown in table 4.1 below the overall mean value of turnover intention computed based on Likert scale was 3.37 with standard deviation of 1.2823. This result indicates the existence of turnover intention of employees in BoFED. Thus, more should be done so as to reduce the turnover intension in the Bureau.

Table 4.1 Mean and standard deviation of turnover intention

Dependent variable	N	Minimum	Maximum	Mean	Std. Deviation
Turnover Intention	81	1.00	5.00	3.3704	1.2823

Source: Own survey data 2018

4.3 Correlation Analysis Findings

The correlation analysis was used to measure the strength of the relationship between the study variables. Table 4.2 describes the correlation between dependent variable (Turnover intention) and independent variables.

Table 4.2 Correlation between Variables

		Correlations					
		Turnover Intention	Organizational commitment	Promotion Opportunity	Salary	Work Environment	Job satisfaction
Turnover Intention	Pearson Correlation	1	-.304**	-.671**	-.403**	-.605**	-.650**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	81	81	81	81	81	81

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey data 2018

4.4 Hypotheses Testing

Correlation analysis was employed to test the hypotheses of the study. The following are hypotheses tested based on the correlation output:

As shown in Table 4.3 organizational commitment has a significant negative relationship with turnover intention with ($r = - 0.304$), significant at 0.000, 2-tailed. This means an increase in organizational commitment will result in reduction of turnover intention of employees of BoFED. This finding supported the first hypothesis (H1) of the study. This result is supported by Iqra et.al (2014).

There is a significant negative association between promotion opportunity and turnover intention with ($r = - 0.671$), significant at 0.000, 2-tailed. Accordingly, the second hypothesis (H2) was accepted. This relationship is in agreement with the finding of Roshidi (2014).

Salary has also negative relationship with turnover intention with ($r = - 0.403$), significant at 0.000, 2-tailed. The result confirms the acceptance of the third hypothesis (H3). This finding is consistent with the study result of Parbudyal and Natasha (2010).

Work environment has a significant positive relationship with turnover intention with ($r = -0.605$), significant at 0.000, 2-tailed. Therefore, the fourth hypothesis (H4) is accepted. Such result is supported by the finding of Muhammad et.al, (2013).

The results of correlation analysis also show that turnover intention has a significant negative relationship with job satisfaction with ($r = - .650$) significant at 0.000, 2-tailed. The fifth hypothesis (H5) is also accepted. It is consistent with the finding of Ahmed et.al, (2014).

4.5 Regression Analysis Findings

The researcher used linear regression analysis. As shown in table 4.3 the R^2 for this model is 0.734. This means 73.4% of the variation in dependent variable is explained by independent variables. This shows that 26.6% of the variance in turnover intention was explained by other factors not in the study, i.e., there are other supplementary factors that explain turnover intention of employees of BoFED.

Table 4.3 Regression analysis Results (Model Summary)

R	R Square (R^2)	Adjusted R Square	Significance
.857 ^a	.734	.717	.000

a. Predictors: (Constant), organizational commitment, promotion opportunity, salary, work environment, job satisfaction

b. Dependent Variable: Turnover Intention

Source: Own survey data 2018

As illustrated in table 4.4, all independent variables have a statistically significant effect on turnover intention at 1% significant level.

Table 4.4 Regression analysis results of independent variables

Variables	Beta Value	p - value
Organizational Commitment	-.296	.000
Promotion opportunity	-.267	.000
Salary	-.162	.000
Work environment	-.312	.000
Job satisfaction	-.409	.000

a. Dependent Variable: Turnover intention

$R^2 = 0.734$ Significant at 1%.

Source: Own survey data 2018

An independent variable with a high beta value (β) is contributing a lot for dependent variable compared to other variables having less beta value. As shown in the above table, job satisfaction has the highest contribution for turnover intention of BoFED employees in BGRS followed by work environment and organizational commitment.

5. Conclusion and Recommendation

5.1. Conclusion

Employees' turnover has become a critical issue in today's organizations. To be successful it is essential for BoFED to maintain competent and committed employees. There are several factors that affect turnover intention of employees so that organizations must be aware of the factors that might lead to turnover intention. This study was mainly conducted to identify determinants of turnover intention of employees who work in BoFED in BGRS, Ethiopia. Based on the results, the following are found to be determinants of turnover intention employees: organizational commitment, promotion opportunities, salary, work environment and job satisfaction.

The study concluded that all of the independent variables examined have significant relationship to the turnover intention of BoFED employees. Based on the findings of correlation analysis, organizational commitment (-0.296, $P < 0.01$), promotion opportunity (-.267, $P < 0.01$), salary (-0.162, $P < 0.01$), work environment (-.312, $P < 0.01$) and job satisfaction (-.409, $P < 0.01$) are negatively related with turnover intention.

According to the findings of regression analysis, all variables also have significant contribution to turnover intention of employees. It was found that job satisfaction is the first highest predictor that contribute to turnover intention of employees of BoFED with beta value of -.409, $p < 0.01$ followed by work environment, and organizational commitment with -.312, $p < 0.01$ and -.296, $p < 0.01$, respectively.

5.2. Recommendation

For success it is essential to maintain skilled employees in the organization. Effectiveness of an organization depends on the expertise of its employees. The effects will be very high even a single qualified person leaves an organization. To reduce skilled employees turnover intention as well as their actual turnover, it is important for BoFED to satisfy its employees in their jobs through meeting or exceeding their expectations and create pleasant working environment where they feel they are valued, there are proper supervision, and open communication. Moreover, there should be satisfactory salary structure in BoFED as a key macro organization of the regional state.

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