

**THE EFFECTS OF EMPLOYEE TURNOVER ON ORGANIZATIONAL
PERFORMANCE: A CASE OF EQUITY BANK LIMITED**

KIHILA SHADRACK

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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CERTIFICATION

The undersigned certifies that she has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation entitled: “**The Effects of Employee Turnover on Organizational Performance: A Case of Equity Bank Limited**”. In partial fulfillment of the Requirements for the Degree of Master of Human Resource Management of The Open University of Tanzania.

.....

Dr. Lilian Macha

(Supervisor)

.....

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DEDICATION

I dedicate this work to my wife and the whole family.

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I would like to acknowledge first and foremost my supervisor Dr. Lilian Macha for all the professional and personal guidance she gave me while carrying out this dissertation. Many thanks are due to her commitment and love, coupled with the inspiring management literatures, well blended with knowledge, expertise and humanity which were of great importance in writing this dissertation. Special thanks and cordial appreciation also go to the programme coordinator Mr. Alex Seni for the conducive learning atmosphere, love and care he rendered to me.

ABSTRACT

This study intended to assess the effects of employee turnover on organizational performance, a case of Equity bank limited. The study was conducted with the following objectives: To assess the effects of employee turnover on organization performance in Equity bank Limited; to investigate the causes of staff turnover in Equity bank Limited and finally to recommend strategies that can be used to reduce the high level of employee Turnover in Equity bank Limited. Data were collected through Questionnaires, Interviews and Documentary Review. Questionnaires were Likert scale questions, Interviews were conducted on the basis of predetermined interview guide. The research design used in this study was survey design. The sample size was the employees across Dar es salaam branches which consisted 100 employees. Simple random sampling was used to find a sample. The study finding suggests that salary is the primary cause of staff turnover. Furthermore, findings indicated that staff turnover increases work load to employees in Equity bank limited. The study finding also showed that staff turnover causes reduction in effective service delivery to the customers and reflects poorly on the image of the Equity bank Limited. Other findings suggested that unhealthy working conditions causes staff turnover in Equity bank Limited. Study recommends top management to pay a marketable salary. Top management were advised to develop opportunities for career advancement Equity bank.

Keywords: *Employee turnover, organizational performance, Equity bank*

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
DV	Dependent Variable
SOP	Standard Operation Procedures
UK	United Kingdom

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter comprises background information, statement of the problem, research objectives, research questions, limitation and delimitation of the study, significance and scope of the study.

1.2 Background to the Study

Employee turnover is important in an organizational perspective. Employer turnover can represent significant costs in terms of recruiting, training, socialization and disruption as well as a variety of indirect costs. Given the significance of turnover, it is important for the manager to be able to analyze, understand and effectively manage employee turnover (Mobley, 1982). Different scholars, specifically Jack and Addele (2003) propounded that labour turnover is a phenomenon that continues to be the one of the most unappreciated and unevaluated issues facing business leaders. Even in the highly developed industrial nations, the rate of employee turnover is still very high.

Employee turnover in organization is one of the main issues that extensively affect the overall performance of an organization (Madsen *et al*, 2002). It is often suggested that organization should be adopt the clear Standard Operation Procedures (SOP's) that decrease the gap among the top management and the middle management in order to identify and resolve the issue of employee turnover in the organization. Employee turnover in organizations has received substantial attention

from both academics and managers. Much of this attention has been focused on understanding its causes. Implicit in this approach is the assumption that turnover is driven by certain identifiable characteristics of workers, tasks, firms, and markets, and that, by developing policies to address these characteristics, managers might reduce the occurrence of turnover in their respective organizations.

As noted by several observers, however, the consequences of turnover have received significantly less attention from researchers (Glebbeck & Bax, 2004). This lack of academic attention is particularly surprising given that industry studies have estimated the cost of turning over one employee earning \$8 per hour at \$3,500 to \$25,000 (Zeynep, 2018). According to Prefer and Sutton (2019) managerial concern on employee turnover has suddenly become heightened. This concern is further exacerbated as a result of the growing cost of replacing employees, or other general costs typically associated with employees like recruitment and training (Collins & Smith, 2006). Some of the specific concerns of managers and other concerned stakeholders are the negative consequences of high employee turnovers which are often reflected in product and service quality, consistency and stability of services exchanged for money with clients and customers in general (Trevor & Nyberg, 2008).

Other consequences of unchecked growing rate of employee turnover could also be an increase in the client's level of dissatisfaction with products and services being offered by such organization (Lin & Chang, 2005). Other related costs that emanate from an increase in the rate of employee turnover are described as the costs of

voluntary turnover by Morrell *et al* (2004). Moreover, Morell *et al* (2004) identifies direct and indirect costs of voluntary turnover as replacement, recruitment and selection, temporary staff, management time, morale, pressure on remaining staffs, costs of learning, product or service quality, organizational memory, and the loss of social capital (Dess & Shaw, 2001). Zimmerman & Darnold (2009) are particularly of the opinion that employees who leave their jobs might have done so in either an environment so poor to induce a high level of job performance, or they might have quit their job when there is a consistent poor level of job performance over a period of time. Indeed, Zimmerman & Darnold (2009) are strongly of the opinion that an assessment of employee turnover that precludes a study of job performance might be referred as a huge oversight on the part of the management of such organization. Within this context the study of employee turnover as well as its attendant problems, costs and consequences has been comprehensively studied (Shaw *et al*, 1998), and a recent empirical and meta-analysis study of the phenomenon observed its influence in 800 different cases (Iverson, 1999). But within the scope discussed above the impact of employee turnover on the rate of knowledge diffusion in organizations has received very little research focus (Madsen *et al*, 2002).

Retention refers to the ability of the firm to drastically reduce the turnover rates of its knowledge workers as they are largely responsible for the distribution of tacit knowledge and skills, or human capital across space and time (Almeida & Kogut, 1999 cited in Madsen *et al*, 2002). This situation is particularly crucial since the knowledge production mechanism of any firm is closely connected to the tacit knowledge and skill held by a firm's members whether they are new members of

established members (Madsen *et al*, 2002). The cost of staff turnover and the impact thereof on productivity alone is enough to depress any human resource manager and the organization. There might be a delay of service delivery while waiting for the replacement staff to arrive. In addition, there might be production losses while assigning and employing replacement staff (Ziel & Antointette, 2003). Often the organization experiences a waste of time due to inexperienced replacement of staff. Management and other staff spend valuable time not doing their job but trying to orientate the replacement staff.

1.3 Statement of the Problem

Employee turnover can be harmful to a company's efficiency if skilled workers often leave the organization and the work population contains a high percentage of novice workers (Armstrong, 2009). According to a research study carried out by the Ministry of Finance in Tanzania in conjunction with the United Nation Development Program (Maxwell, 2019), statistics revealed that for the last 2 years, more than 35% of employees working for private sector organizations exited to other companies. The efficiency of many organizations has thus been threatened by huge costs/expenditure incurred on recruitment and selection of new staff to replace the work force gap created by the leaving employees (Premeaux, 2018). In the recent past, there has been noticeable decline in the efficiency of many organizations in especially from the private sectors (Ali, 2018). According to Fredrick (2017), the contribution of private sector organizations towards the growth and development of Tanzanian economy has declined compared to the previous decade where private sector had a strong positive effect on Tanzania's economy. This downward trend

according to Edward (2018) has been influenced by high level of employee turnover that impacts negatively on organization efficiency.

According to Maxwell (2019), a key problem to employees' turnover is that the organization loses the most experienced and skilled staff that the organization had invested heavily in training on various organization job task functions. This therefore means that, the organization must incur huge costs in terms of time and finance to train the newly recruited staff in order to make them effectively adapt to organization working environment and demonstrate the required skills and experience.

For the last 3 years, Equity Bank Limited has experienced an increased rate of employees' turnover and this had a negative impact on organizational efficiency (Equity Bank Report, 2019). In the year 2017 alone, the employees' turnover was 25% and the organizational efficiency dropped with 6% (Equity Bank Report, 2019). Previous studies undertaken by Ali (2017), Fredrick (2010), Edward, (2010), Maxwell (2019) and Phillip (2019) only highlighted evidence on the existence of employee turnover problems but did not offer any practical solution on how organizations should manage turnover to realize increased organizational efficiency. This has hence created a major knowledge gap on employee turnover management hence this study aims to fill the missing gap by determining the impacts of employee turnover on organizational performance with a specific reference to Equity Bank Limited. The findings obtained influenced towards coming up with effective recommendations on how organizations should minimize employees' turnover rates and realize increased efficiency.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study was to examine the impact of employee turnover on organization performance at Equity bank limited.

1.4.2 Specific Objectives

The study was guided by the following specific objectives: -

- i) To analyze the effects of employee turnover on organization performance in Equity bank limited;
- ii) To investigate the causes of staff turnover in Equity bank Limited
- iii) To recommend strategies that can be used to reduce the high level of employee Turnover in Equity bank limited.

1.5 Research Questions

The study was guided by the following research questions: -

- i) What are the effects of employee turnover on organization performance in Equity bank limited?
- ii) What are the causes of staff turnover in Equity bank Limited?
- iii) What are the strategies that can be used to reduce the high level of employee Turnover in Equity bank limited?

1.6 Significance of the Study

The findings will help the policy makers to learn how to design policies that reduces the rate of labour turnover. It may act as a strategy to help HR practitioners to keep

turnover in an acceptable range by implementing a variety of preventive measures, tracking leading indicators and placing alerts along the way to signal when action is needed. Based on the findings that will be produced later, this field research may act as a practical paper to provide managers or manpower planners direction about pertinent issues pertaining to labour turnover. The study will also assist other scholars and will act as the basis upon which further studies can be carried out apart from adding on the stock of knowledge that already exist about the effects of labour turnover on the organization performance. Finally, it is the researcher's hope that managers at all levels will find this field research a useful tool in helping them fully understand the key issues and problems and, more important, the cost of the turnover.

1.7 Scope of the Study

This study sought to address the effects of labour turnover on the organizational performance. The study also seeks to examine salient issues that discourage labour turnover. Data was collected from the equity bank limited staff starting from the time this institution was established to date. The study was undertaken at Equity Bank Limited at Dar es salaam.

1.8 Organization of the Study

This study is divided into five chapters as per research design. Chapter one encompass the introduction of the study, background to the study, general and specific research objectives, research questions, the imperativeness of the study and the limitation of the study. Chapter two is on literature which examined empirical

studies and theoretical underpinnings relevant to the study. Chapter three provides the research methods that have been used in this study and the research ethics that guided the study. Chapter four is on research findings and discussion. Chapter five is about the summary of main findings, conclusions and recommendations of study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter detailed literatures review on employee turnover impact on organization performance is given. This chapter presents both theoretical and empirical literature that aims at developing an understanding of the employee turnover impact on organization performance.

2.2 Definition of Key Terms

2.2.1 Employee Turnover

Labour turnover is defined as the rate of change in the employees of an organization during a definite period. It measures the extent to which old employees leave and new employees enter into an organization (Subba, 2011). It is also defined as the rate at which people leave a firm due to a number of reasons for example dissatisfaction with their current pay or promotion opportunities or receipt for a better offer to work elsewhere (Griffin, 1996). According to Jack & Addele (2003), labour turnover, the opposite retention, refers to the percentage of employees leaving the organization for whatever reasons. The working definition for this study is that; labour turnover refers to the percentage of employees leaving the organization for whatever reasons. The labour turnover in this study was characterized by wages, high expectation and working conditions that either discourage or encourage labour turnover which impacts on the organizational performance. Labour turnover measures the extent to which old employees leave and new employees enter into an organization due to

wage reasons, high expectations and working conditions (Subba, 2011). Employee turnover is often referred to as the number of permanent employees leaving the company within the reported period versus the actual active permanent employees on the last day of the previous reported period (Derek *et al.*, 2017).

2.2.2 Job Dissatisfaction

Job dissatisfaction is one of major causes of absenteeism. Robbins & Decenzo (2011) state that a person with high job satisfaction holds positive attitudes towards the job. It is the people with negative attitudes that absent themselves. In a study conducted in a Military Health Care Facility by Mullins (2005), it was found that there was a positive relationship between job dissatisfaction, employee turnover and levels of absenteeism.

2.2.3 Motivation

Motivation can be defined as the processes that account for an individual's intensity, direction and persistence of efforts toward attaining a goal. In most cases motivation stems from a need which must be fulfilled, and this in turn leads to a specific behavior.

2.3 Causes of Employee Turnover

Some of the various causes of staff turnover are:

Poor Remuneration: The main objective of a compensation system is to attract and retain high quality staff. In order to be able to retain staff, the rewards that employee receive for their compensation must be satisfactory. Grobler *et al.* (2012) state that

compensation refers to all forms of financial returns and tangible benefits those employees receive as part of their remuneration package. Robbins (2003) agrees that the classical objectives of any compensation system are to attract, retain and motivate employees. Poor remuneration is one of the reasons of staff turnover. If employees are not satisfied with what they are paid, they normally leave to seek greener pastures.

The working conditions, motivation, recognition and an opportunity to grow:

These factors must also be feasible (Tyani, 2011). An employee may still leave even if another job offers a lower salary as long as he or she enjoys job satisfaction. Although financial incentives will encourage employees to stay over the short term, over the long term they need opportunities for growth (Tyani, 2011).

2.3.1 The Impact of Several Factors on Employee Turnover

According to Page (2011) the escalation in the rate of labour turnover is a major concern for businesses and is clearly impacting on organizational performance. Clients begin to doubt the management of such an organization and unsure whether they should continue to do business with an organization with higher staff turnover.

Mullins (2005) maintains that the costs of recruiting and engaging new members of staff are considerable. He adds that this affects the direct costs like advertising, agency fees, paper work and interview time.

Robbins & Decenzo (2011) state that there are many hidden or indirect costs, like the expenses incurred in training and supervising new entrants, as well as those they are

replacing and overtime that may have to be paid during staff shortages. Other costs may include increased wastage and losses while new staff settles in. Moreover, customer irritation and low staffing morale leads to high staff turnover (Cohen, 2020). The impact of staff turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness.

Mathis & Jackson (2017) state that employees have to work extra hours to compensate for the work of those that have resigned. Russell & Bvuma (2011) state that cost is not only financial but must also be measured in terms of the damage to staff morale and deficits in meeting customer demand. The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees. Steers (2012) states that staff turnover is costly and disruptive. Costly, as it reduces the output and disruptive, as it requires that schedules and programmes to be modified. This is true in the Department of Home Affairs as staff turnover causes the organisation to lose a lot of money because they have to employ other agency staff to come and help. The agency staff is paid from the organisation's coffers and it becomes very expensive. According to Robbins (2013), staff turnover is costing South African organisations millions of rands in decreased efficiency. He further states that in the United States, staff turnover is estimated at \$40 billion a year, in Canada \$12 billion and in Germany DM 60 billion (Robbins, 2003). The cost of staff turnover and the impact thereof on productivity alone is enough to depress any human resource manager and the organisation. There might be a delay of service delivery while waiting for the replacement staff to arrive. In addition, there might be production losses while assigning and employing replacement staff (Ziel &

Antoinette, 2013). Often the organisation experiences a waste of time due to inexperienced replacement of staff. Management and other staff spend valuable time not doing their job but trying to orientate the replacement staff.

According to Nel *et al.* (2014), the following are some of the factors that impact on staff turnover and organizational effectiveness: Increased customer complaints about the service; the quality of service is decreasing because of staff shortage, the replacement staff may be unfamiliar with the unit and task or duties to be performed; therefore, inefficiency and errors may result, sometimes a personnel member in the unit is in the lower categories of staff. Therefore, they are restricted by their scope of duty. They can perform certain duties under the direct supervision of a trained member or sometimes they are completely forbidden to do certain duties. Gardner (2019) asserts that staff turnover may have devastating effects on service rendered by the organization and these may bring deficits in meeting customer demand. This leads to customer irritation and increase in complaints.

Mullins (2005) states that organizations that create work environments that attracts, motivate and retain hard working individuals will be better positioned to succeed in a competitive environment that demands quality and cost efficiency. Ekinici & Riley (2020) also agree that it is critical to understand that interdependent relationship exists between employee satisfaction and customer satisfaction and that the organization needs to focus on both these *components*. Staff turnover can also have a negative impact on other employees by disrupting group socialization processes and increasing internal conflict, which can lead to triggering additional absenteeism (Neo

et al. 2016). In addition, the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organization. People grow professionally and personally, and good employers are able to accommodate these changes in the circumstance. A highly satisfied workforce is far more capable of meeting organizational goals and customer needs than an apathetic and uninspired one (Swanepoel *et al.*, 2013). Tyani (2011) states that cost is not only financial but must also be measured by the damage to staff morale and deficits in meeting community demand.

2.4 Theories Guiding the Study

2.4.1 Motivation Theory

Motivation is an important element in understanding, studying and analyzing human behavior. It helps of an executive or a manager to identify the motives which influence the behavior of employee at work to attain organizational objectives. Motivation is a personal and internal feeling. The feeling arises from needs wants. Human needs are unlimited. Fulfillment of one set of needs give rise to the other needs. Therefore, motivation is a continuous process. Fulfillment of needs results in some type of reward, which can be either intrinsic or extrinsic. The former are derived from within the individual, e.g. taking pride and feeling good about a job well-done, whereas the latter pertain to rewards given by another person. Types of motivation: There are two main broad categories of motivation; intrinsic and extrinsic motivation. Intrinsic Motivation Intrinsic motivation is motivation that arises from within. It comes from the personal enjoyment and educational achievement that we derive from doing that particular thing. For example, people

who love music, their motivation to practice the instrument, attend classes etc. is intrinsic motivation.

Non-monetary Incentives: The purpose of non-monetary incentives is to reward associates for excellent job performance through opportunities. Non-monetary incentives include flexible work hours, training, pleasant work environment, and sabbaticals.

2.4.1.1 Extrinsic Motivation

Extrinsic motivation is motivation that comes from things or factors that are outside the individual. For example, being motivated to work hard at the office because you are looking for a promotion is a type of extrinsic motivation. Social recognition, money, fame, competition or material achievements are all examples of extrinsic motivation.

Monetary Incentives: The purpose of monetary incentives is to reward associates for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (e.g., Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for associates. Motivational Theories Various theorists in social sciences have put forward their own suppositions or theoretical views which provide an insight into human behavior. These theoretical views are, in fact, known as theories of

motivation in organization. There are two main broad categories mentioned here: Traditional and Modern theories.

2.4.2 Traditional Theories

The American motivation psychologist Abraham H. Maslow developed the Hierarchy of needs consistent of five hierarchic classes. It shows the complexity of human requirements. Maslow says that first of all the basic requirements have to be satisfied. The basic requirements build the first step in his pyramid. They decide about to be or not to be. If there is any deficit on this level, the whole behavior of a human will be oriented to satisfy this deficit. Subsequently we do have the second level, which awake a need for security. Basically, it is oriented on a future need for security. After securing those two levels, the motives shift in the social sphere, which form the third stage. Psychological requirements consist in the fourth level, while the top of the hierarchy comprise the self- realization. The needs, listed from basic (lowest-earliest) to most complexes (highest-latest).

2.4.3 Turnover Process Models

Several studies were already conducted that focused on developing and estimating a causal model specifying the factors of voluntary turnover. The common theme which can be observed from the following described models is that turnover behavior is a multistage process that includes behavioral, attitudinal, and decisional components (Barak *et al.*, 2001). Three turnover models are presented below. These key models have shaped the research on turnover behavior and therefore need to be discussed.

2.4.3.1 March & Simon's Model

Many studies of voluntary turnover are to some degree descendants of the March & Simon (1958) framework (e.g. Mobley, 1977/Lee *et.al*, 1999). Their model can be traced back to Barnard-Simon's theory of "organizational equilibrium" where they argued that all employees confront with decisions through their interaction with the company (Mano, 1994). A special concern in this study is the "decision to participate" with the key variable "desirability and ease of movement in and out of the organization" (Bowen & Siehl, 1997). The theory specifies that employees' decision to resign is influenced by two factors: their "perceived ease of movement", which refers to the assessment of perceived alternatives or opportunity and "perceived desirability of movement", which is influenced for instance by job satisfaction (Morrell *et al.*, 2001). This describes how balance is struck both for the organization and its employees in terms of inducements, such as pay, and contributions, such as work, which ensures continued organizational efficiency. When inducements are increased by the company, this will lower the tendency of the worker to leave and vice versa (Morrell *et al.*, 2001). Many limitations of March and Simon's model exist. Their model more presents a static rather than a procedural view of turnover. They also failed to include important variables that influence the turnover process, such as role stress or different forms of organizational commitment (Morrell *et al.*, 2001). Some theorists asserted, that March and Simon's model has overly influenced further studies about employee turnover and that their success may have constrained other aspects (e.g. Lee & Mitchell, 1999).

2.4.3.2 Mobley's Model

The employee turnover decision process by Mobley (1977) has shaped the course of turnover studies for the past decade. He pioneered an extensive explanation for the psychological turnover process. Mobley's model is based on several former preceding studies, for instance March & Simon's theory (1958) about ease and desirability of work concept and Porter and Steer's model (1973) of met-expectation and intent to leave; The model is heuristic rather than descriptive (Mobley, 1977). The termination decision process can be described as a sequence of cognitive stages starting with the process of evaluating the existent job followed by the emotional state of satisfaction or dissatisfaction. One consequence of dissatisfaction is to initiate thought of quitting. The next step is the evaluation of the expected utility of search (e.g. desirability of possible alternatives travels or lost work time) and of the cost of quitting (e.g. loss of vested benefits).

If perceived possibility of finding an alternative is available and if the costs are not that high, the next step would be behavioral intention to search for alternatives followed by an actual search. If alternatives are existent, then an evaluation of alternatives will proceed. Afterwards a comparison of the present job to alternatives will follow. If the comparison favors the alternative, then behavioral intention to quit will be stimulated, followed by the final decision to quit. (Mobley, 1977) Other later studies extended Mobley's model by including other variables, such as organizational commitment (e.g. Kim et al., 1996) or examined factors that affect job satisfaction more precisely (e.g., Price & Mueller, 1981). Mobley's model features

frail on empirical evidence for the conceptual differentiation among his explanatory constructs (Hom & Griffeth, 1991).

Subsequent models enhanced Mobley's construct. They argued that Mobley's theory had a lack of empirical evidence for the conceptual distinction among his explanatory constructs. However, their findings to some extent showed a similar possible intermediate step in the turnover process, yet a major distinction exists. Their study resulted that the "Intention to Quit" takes place before an "Intention to Search".

2.4.3.3 Mitchell & Lee Job Embeddedness Model

Job embeddedness was first introduced by Mitchell and colleagues in an effort to improve traditional employee turnover models. According to these models, factors such as job satisfaction and organizational commitment and the individual's perception of job alternatives together predict an employee's intent to leave. Since the researchers suggest that models only modestly predict turnover; thus Mitchell et al. proposed job embeddedness as an alternative model and incorporated "off-the-job" factors (e.g. attachment to family) and other organizational factors (e.g. attachment to working groups) that have also been shown to affect employee retention, but were not included in these traditional models.

When creating this alternative model for explaining why employees stay on a job, Mitchell and colleagues drew on research from Lee & Mitchell's unfolding model of turnover. This line of research suggests that many of those who leave a job are (i.)

Mostly satisfied with their jobs, (ii.) Do not search for an alternative position before leaving, (iii.) Quit due to some sudden off-the-job event; Results of the initial study indicated that job embeddedness predicted both intent to leave and actual turnover, and was a better predictor of voluntary turnover than job satisfaction, organizational commitment, and job search alternatives. Mitchell and colleagues describe job embeddedness as “a net or web in which an individual can become stuck”. Those who are highly embedded have many closely connected ties in both the community and the organization. These individuals are more likely to remain at a current job than those who have fewer connections. As mentioned above, job embeddedness as originally introduced is conceptualized as having three components.

2.5 Empirical Literature Review

A study done by Koh & Goh's (2015) in Singapore on “The effects of various types of job satisfaction on turnover intention”, classified job satisfaction into eight categories namely: supervision, company identity, kind of work, amount of work, physical working conditions, co-workers, financial reward, and career future. Their findings based on the job satisfaction and organization commitment. A research on “Major factors behind voluntary graduate labour turnover in the National Bank of Commerce” by Gwarasa (2012) concluded that the problem of misallocation of graduates in the National Bank of Commerce prevails at a significant magnitude. The author pinpointed at his conclusion that, staff were not satisfied with working conditions of the bank. Research done by Joe Gideon on Labour Turnover in Tanzania Prisons Service; the sample size was 100 respondents and it was a case design research. His findings show that inadequate salary and low income of

graduates in the Tanzania Prisons Service, prevails a significant magnitude. He also pinpointed out the existing prison scheme of services and salary in relation to ranks and not level of education, does not suit the labor market competition for graduates. He recommended further research on factor behind voluntary labour turnover for non-graduates for Tanzania Prisons Services, An assessment of the impact of labour turnover in the Tanzania economy, Graduates mobility within the labor market and reasons for this mobility.

Mboya (2019) research on investigation of the impact of labour turnover in Public organizations, in his case study research design, sampled 250 respondents in Ilala Municipal. He concluded that differences in payment of salaries and provision of fringe benefits forced those who are lowly paid to seek for greener pastures in other organizations, also lack of working facilities and equipment leads to turnover, for example, lack of teaching and learning facilities in school forced teachers to seek for alternative jobs. He recommended that work environment in all municipal's sections should be improved and also improved management styles in all sections, training on better management practice should be done to management staffs.

Research done by Milanzi (2018) on assessment of the causes and effects of labour turnover on banking industry, the case study design sampled 82 respondents to represent a population of Tanzania Investment Bank staff, she found out that the turnover was mainly caused by remuneration packages, unequal treatment among TIB employees and lack of communication between the management and staff of another department. She recommends that promotion and salary increments should

be clear and open to every employee. Employees should be encouraged to read and understand human resources policy. Also all members of staff need to have information about organization production, its customers, its performance compared to the competitors, the strategy to win the market and their benefits. The researchers have tried to find out the reasons for employee turnover in which their conclusion based on the job satisfaction. However, they did not indicate the effects of employee turnover. For that case, this study tried to embark intensively to investigate the effects of labour turnover in financial institutions.

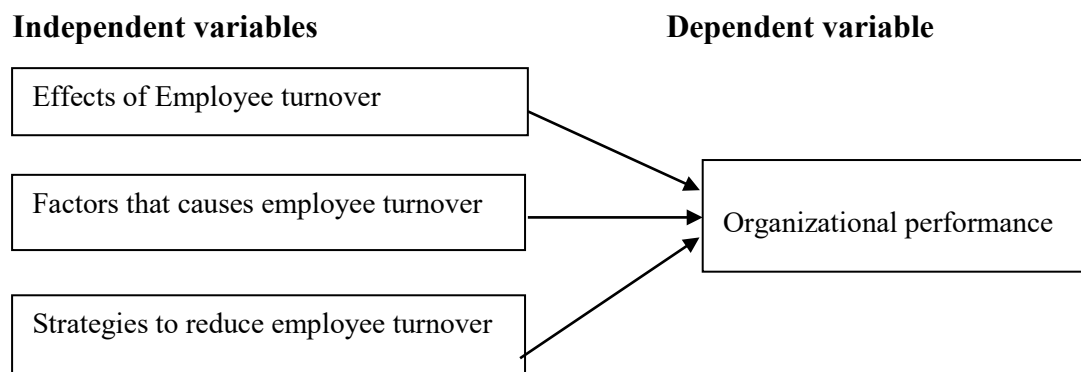


Figure 2.1: Conceptual framework

Source: Researcher compilation from literature review (2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology and procedures used in this study. It also explains the research design, methods of data collection, analysis and presentation.

3.2 Research Design

The study adopted a descriptive research design since the study intended to gather quantitative and qualitative data that describes the nature and characteristics of the impacts of employee turnover on organizational performance. According to Sekeran (2003), descriptive research design is a type of design used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. Mugenda & Mugenda (1999) describes descriptive research as including surveys and fact-finding enquiries adding that the major purpose of descriptive research is description of the state of affairs as it exists at present. The study considers this design appropriate since it facilitated towards gathering of reliable data describing the true characteristics of the impacts of employee turnover on organizational performance, a case study of Equity Bank Limited.

3.3 Study Area

This research study was conducted at Equity Bank Limited to assess the effects employee turnover on organizational performance on Equity Bank in Dar-es-Salaam

region. The head office of the bank is located at Ohio Street, Jubilee holding building in Dar- es-salam city and three branches at Kariakoo, Mwenge and Tegeta. The rationale for choosing Equity bank as a case study was that: the bank has been facing a serious problem of employee turnover since 2018 in both managerial and clerical positions (Equity report, 2019).

3.4 Target Population

The targeted groups for this study are the Equity bank Limited employees in Dar es Salaam. However, given both time and resources constraints, deliberate sampling techniques is used in four branches of Equity Bank in Dar-es- salaam, thus a target population of 100 employees (Equity report, 2019).

3.5 Sampling Technique and Sample Size

Sample size depends largely on the degree to which the sample approximates qualities and characteristic of the overall population, including the degree of precision required. In addition, sample size depends on population variability and sampling methods together with analysis to be applied and operational feasibility. A representative sample helps to generalize results. It must be chosen at random, large enough to satisfy the needs of the investigation undertaken and unbiased. Some studies consider that sample size larger than 30 and less than 500 is appropriate of any research study. Since the population of this study was not too big the researcher used whole population (census) as a sample size. This study used 100 respondents from Equity limited as shown in Table 3.1.

Table 3.1: Sample distribution

Type of Respondent	Population	Sample size
Executive Director	2	2
Human resource	20	20
Finance & accounts	20	20
Procurement & supplies	12	12
Sales department	20	20
Trade and insurance	10	10
Training& development	8	8
Credit & Risk	8	8
Total	100	100

Source: Researcher (2022)

3.5.1 Sampling Techniques

In order to reach the desired number of the respondents, census techniques were used. The benefit of this approach is that it is used when the population is small.

3.5.2 Census Sampling

Census was used so as to enable the researcher to choose the respondents basing on the fact that the population was small and manageable in collecting data obtaining the desirable solution (Kothari, 2006). So, by using census all population was used.

3.6 Data Collection Methods

The researcher collected both primary and secondary data for this study. The researcher collected primary data at source while secondary data was collected from published reference materials such as reports and journals.

3.7 Data Collection Tools

The study used questionnaires and documentary review to collect data. According to Kothari (2006), questionnaires assist in collection of accurate and reliable information since respondents answer questions freely without any influence.

3.7.1 Questionnaire

This study adopted self-administered questionnaires, whereby lists of questions were given to a number of persons for them to answer and give their opinions accordingly. Questionnaires secure standardized results that was tabulated and treated statistically. The questionnaire was pre-tested for accuracy and completeness. The pre- test of the questionnaire was intended to enable the researcher to improve the questions as their accuracy was essential in collecting good quality information.

3.7.2 Documentary Review

The documentary sources of data for research purposes included published books, manuscripts, journals, research reports, newspapers and other unpublished literally works (Ndunguru, 2007). The researcher used information from literature, reports, and written materials from respective organizations.

3.7.3 Types of Data

Secondary Data: Secondary data were gathered through documentary source like, journals, books, articles, official bank's reports, various government reports published and unpublished, online source and bank's magazines.

Primary Data: The reasons of using this method were to get original information from the field which is very useful in addressing the problem under this study. This is the best way of knowing how the situation is in the field, and unlike the published information, this source gave valid information which was specifically collected for purpose of this study. Primary data was collected through questionnaires and interviews.

3.8 Data Analysis

The study generated both quantitative and qualitative data. Descriptive statistics data analysis method was applied to analyze numerical data gathered using closed ended questions. The Statistical Package for Social Sciences (SPSS) computer software was used for analysis to generate data array that was used for subsequent analysis of the data. SPSS Version 17 has got descriptive statistics features that assisted in variable response comparison and gives clear indication of responses frequencies. The data was cleaned, coded, categorized per each of the research variables and then analyzed. The findings were presented using tables, since tables are user friendly and show response frequencies as well as percentages of the respondents' opinions on the impacts of employee turnover on organizational performance, a case study of Equity Bank Limited. Qualitative data analyses method was applied to analyze the data gathered using open end questions where the respondents give their personal opinions on the impacts of employee turnover on organizational performance, a case study of Equity Bank Limited.

3.9 Ethical Considerations

For ethical requirements in the conduct of the study respondents were duly informed of the fact that the study was for academic purpose and that they were under no compulsion to respond to the questionnaire. The respondents were asked to participate voluntarily whilst assuring them of anonymity and confidentiality on the information given. In order to avoid plagiarism, all sources of information were duly acknowledged.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Overview

In this chapter the analysis and discussion of the findings are presented. The analysis and discussion in this chapter is based on the responses from research questionnaires, interview questions and secondary data information. The research intended to assess the effects of employee turnover on organization performance at Equity bank limited in Dar-es-Salaam region. Main areas of concern in the research were to assess the impact of employee turnover on organization performance in Equity bank limited; investigate the causes of staff turnover in Equity bank limited and finally recommend strategies that can be used to reduce the high level of employee Turnover in Equity bank limited and this was according to the research objectives.

4.2 Data Reliability

To ensure reliability, this study employed Cronbach Alpha coefficients.

4.2.1 Data validity

To ensure validity of measures, the study employed questionnaires and documentation. Also, data was gathered from higher rank, middle rank and lower staff as units of analysis. The different units ensured adequate representation of age, gender, and seniority of respondents hence validation. Also, a pretest of questionnaire was carried out to guarantee a common understanding of questions among respondents.

4.3 Analysis of Demographic Characteristics

This section analyses the demographical details of the respondents using appropriate baseline computations.

Table 4.1: Analysis of demographic data

Age	Gender				Total	
	Male		Female		Count	Percentage
	Count	Percentage	Count	Percentage		
18-25 years	3	0.03	7	0.07	10	10%
26-35 years	12	0.12	19	0.19	31	31%
36-45 years	18	0.18	11	0.11	29	29%
46-55 years	7	0.07	14	0.14	21	21%
56 and above	2	0.02	7	0.07	9	9%
Total	42	0.42	58	0.58	100	100%

Source: Field Data, 2022

As illustrated in Table 4.1 above, a total of 10% of the respondents who participated in this study were between the ages 18-25 years old, while 31% of respondents were between the ages 26-35 years old. A total of 29% were respondents between the ages 36-45 years old. Only 21% of respondents were between the ages 46-55 years old and the remaining 18% of respondents were ages 56 years and above.

Table 4.2: Gender of respondents

Age	Gender				Total	
	Male		Female		Count	Percentage
	Count	Percentage	Count	Percentage		
18-25 years	3	0.03	7	0.07	10	10%
26-35 years	12	0.12	19	0.19	31	31%
36-45 years	18	0.18	11	0.11	29	29%
46-55 years	7	0.07	14	0.14	21	21%
56 and above	2	0.02	7	0.07	9	9%
Total	42	0.42	58	0.58	100	100%

Source: Field data, 2022

Table 4.2 illustrates the gender of respondents. A total of 41% of respondents participated in this study were male employees and 59% of respondents were female employees. This shows that Equity bank limited recruits more female than male.

Table 4.3: Length of service of respondents

Years of Service	Number of respondents	Percentage
1-5	42	0.42
6-10	18	0.18
11-15	15	0.15
16-20	15	0.15
21 and above	10	0.10
Total	100	1.00

Source: Field Data, 2022

As illustrated in Table 4.3, a total of 42% of the respondents participated in this study were between 1-5 years of service, while 18% of the respondents were between 6-10 years of service. A total of 15% of the respondents were between 11- 15 years of service. While, 15% of the respondents were between 16-20 years of service and the remaining 10% of the respondents were 21 years and above.

4.4 Study Findings according to Study Objectives

4.4.1 Objective1: The Effects of Employee Turnover on Organization Performance in Equity Bank Limited

According to primary and secondary data the following are the impacts of employee turnover on organization performance in Equity Bank Limited:- Reduction in work productivity, reduction in the quality of product produced, wastage of resources, employee not meeting deadlines, decline in service delivery, loss of customers, increasing work load for each employee, increasing work stress to present workers,

work overtime as the cause of high staff turnover rate, and high staff turnover affects team work are among the impacts of employee turnover on organization performance in Equity Bank Limited.

Table 4.4: Reduction in work productivity

Scale	No of respondents	Percentage
Strongly agreed	17	0.17
Agreed	46	0.46
Neutral	9	0.09
Disagreed	17	0.17
Strongly disagreed	11	0.11
Total	100	1.00

Source: Field data (2022)

Table 4.4 shows that a total of 63% of the respondents agreed that high staff turnover causes reduction in work productivity, while 9% of the respondents were neutral. The remaining 28% of the respondents disagreed. According to Neo, *et al.* (2016), organizations that do not retain a loyal base of employees then they constantly place an inexperienced group of non-cohesive units in the front lines of the organization. Ensuring the good employee stays with the organization will help them compete effectively within an industry. In addition, when an organization loses a valuable employee, there is a negative impact on innovation, consistency in providing service to guests may be jeopardized, and major delays in the delivery of services to customers may occur. A decline in the standard of service provided to customers could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organisation (Neves, 2009). According to McConnell (2004), companies having an investment perspective of human resource

management view training as an opportunity to increase long-term productivity. According to Neo, et al. (2006), training may also be viewed as a solution to a number of problems, such as substandard quality resulting from skills deficiencies and voluntary turnover of employees seeking more rewarding jobs.

Table 4.5: Reduction in the quality of product produced

Scale	No of respondents	Percentage
Strongly agreed	17	0.17
Agreed	41	0.41
Neutral	10	0.10
Disagreed	22	0.22
Strongly disagreed	10	0.10
Total	100	1.00

Source: Field Data, 2022

Table 4.5 above highlights that a total of 58% of the respondents agreed that high staff turnover causes reduction in the quality of product produced, while 10% of the participants were neutral. The remaining 32% of the respondents disagreed. According to Taylor (2017), the quality of service in the organization decreases as a result of staff shortage. According to Taylor (2017), customer's evaluation of service quality is affected not only by the end service received, but also by the service delivery process itself, which includes waiting time. Allen, *et al.* (2017) state that it is a straight forward case that dissatisfied employees cannot give their best performance as their mind is on the things that make them dissatisfied and they feel their effort is not appreciated. Such employees produce not only poor-quality work but also less amount of work to the detriment of the organization and clients (Allen, *et al.*, 2007).

Table 4.6: Wastage of resources

Scale	No of respondents	Percentage
Strongly agreed	18	0.18
Agreed	44	0.44
Neutral	11	0.11
Disagreed	18	0.18
Strongly disagreed	9	0.09
Total	100	1.00

Source: Field Data, 2022

Table 4.6 demonstrates that a total of 62% of the respondents agreed that high staff turnover causes too much wastage of resources when new staff settles in, while 11% of the respondents were neutral. The remaining 27% of the respondents disagreed. Rothwell & Kazanas (2016), state that new staff members make too many mistakes as they are settling in the organisation. Johnson & Redmond (2016) state that new employees cause a great deal of wastage. Moreover, organisations experience wasted time owing to inexperienced replacement staff. Management and other staff spend valuable time not doing their job but trying to train and orientate the replacement staff. Kreitner & Kinicki (2017) state that if an employee is not familiar with the organisation, errors may occur while learning to use equipment.

Table 4.7: Employee not meeting deadlines

Scale	No of respondents	Percentage
Strongly agreed	13	0.13
Agreed	23	0.23
Neutral	11	0.11
Disagreed	39	0.39
Strongly disagreed	14	0.14
Total	100	1.00

Source: Field Data, 2022

Table 4.7 above shows that a total of 36% of the respondents agreed that staff turnover causes employees not to meet their deadlines, while 11% of the respondents were neutral. The remaining 53% of the respondents disagreed. According to Taylor (2017), employees were not meeting deadlines because there was a lack of manpower due to staff turnover. There might be delay in terms of response while waiting for the replacement staff to arrive. Again, there might be some delays while assigning and aligning replacement staff. Gaylor (2011) states that lack of resources and too much workload in the organization can contribute to employees not being able to meet their deadlines in the organization.

Table 4.8: Disruption of service delivery

Scale	No of respondents	Percentage
Strongly agreed	13	0.13
Agreed	40	0.40
Neutral	15	0.15
Disagreed	21	0.21
Strongly disagreed	11	0.11
Total	100	1.00

Source: Field data,2022

Table 4.8 above highlights that a total of 53% of the respondents agreed that staff turnover causes a disruption in service delivery, while 15% of the respondents were neutral. The remaining of the respondents (32%) disagreed. According to Hopkins (2015), employee's disruptions while performing their work have a negative impact on the service delivery. If there are employees who are not at work, the service provided will be reduced compared to when all employees are at work. According to Raliphada (2017), employees in the organization are working hard to balance their

work but the quality in the service delivery is not easy to avoid if there are still staff members who are not on duty.

Table 4.9: Loss of customers

Scale	No of respondents	Percentage
Strongly agreed	13	0.13
Agreed	20	0.20
Neutral	16	0.16
Disagreed	38	0.38
Strongly disagreed	13	0.13
Total	100	1.00

Source: Field Data, 2022

Table 4.9 illustrates that a total of 33% of the respondents agreed that poor service provided results in loss of customers, while 16% of the respondents were neutral. The remaining (51%) of the respondents disagreed. Duchessi (2012), states that one of the reasons for consumer frustration is waiting for efficient service. Locke (2019) states that a programme to measure customer satisfaction should be a permanent ongoing process that satisfies what customers want.

Table 4.10: Increasing work load for each employee

Scale	No of respondents	Percentage
Strongly agreed	14	0.14
Agreed	38	0.38
Neutral	10	0.10
Disagreed	27	0.27
Strongly disagreed	11	0.11
Total	100	1.00

Source: Field Data, 2022

Table 4.10 above illustrates that a total of 52% of respondents agreed that high turnover increases work load for each employee, while 10% of the respondents were

neutral. The remaining (38%) of respondents disagreed that high turnover increases work load. Tyani (2011) states that high staff turnover places unnecessary pressure on staff that are at work. According to Russell & Bvuma (2011), shortage of staff in an organisation at any given time implies that the quality and quantity of service is most likely to be different if compared to the time when an organisation has all the staff it needs to meet its strategic objectives.

4.4.2 Objective 2: The Causes of Staff Turnover in Equity Bank limited

4.4.2.1 Salary Satisfaction

According to primary and secondary data the following are the causes of employee turnover in Equity Bank Limited: - Salary Satisfactions, no opportunity for career advancement, Satisfaction with working conditions, Employee involvement in decision making, input not appreciated, and lack of work-life balance are among the causes of employee turnover in Equity Bank Limited.

Table 4.11: Salary Satisfactions responses

Scale	No of respondents	Percentage
Strongly agreed	20	0.20
Agreed	42	0.42
Neutral	8	0.08
Disagreed	17	0.17
Strongly disagreed	13	0.13
	100	1.00

Source: Field data (2022)

Table 4.11 above illustrates that a total of 62% of the respondents agreed that they were satisfied with the salary they get in the organization, while 8% of the respondents were neutral. The remaining the respondents disagreed (30%). Grobler,

et al. (2012), state that the main objective of compensation system is to attract and retain high quality staff than that of the competitors. In order to be able to retain staff, the rewards that the staff members get from their compensation must be satisfactory. Grobler, *et al.* (2012) state that compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment package.

According to Nel, *et al.* (2014), the classical objectives of any compensation system are to attract, retain and motivate employees in the organization. According to Nel, *et al.* (2014), although financial incentives will encourage employees to stay over the short term, over the long term they need opportunities for growth. According to Grobler, *et al.* (2012), employee compensation and retention is directly related to employee satisfaction. In good times and bad, employees have a basic need to work where they feel their efforts, expertise and input are appreciated. According to Nel, *et al.* (2014), remuneration is one of the causes of absenteeism and staff turnover, if employees are not satisfied by what they are paid then they normally leave to seek greener pastures (Nel, *et al.*, 2014).

4.4.2.2 Opportunity for Career Advancement (Training)

Table 4.12: No Opportunity for career advancement (training)

Scale	No of respondents	Percentage
Strongly agreed	21	0.21
Agreed	41	0.41
Neutral	8	0.08
Disagreed	18	0.18
Strongly disagreed	12	0.12
Total	100	1.00

Source: Field data (2022)

Table 4.12 illustrates that a total of 62% of the respondents agreed that there was no opportunity for career advancement and 8% of the respondents were neutral while 30% (18%+12%) of the respondents disagreed. According to Ichniowski (2014) another tool for staff retention is staff training. Training may help staff to become more competent and to enjoy their work even better. By providing staff with training and development they are more likely to be keen to take on greater responsibilities more suited to promotion or career progression. Staff may become confident and motivated and they may not rely too much on supervision (Ichniowski, 2014). In a study by Nel, *et al.* (2014), more than 40 percent of the respondents said they would consider leaving their present employer for another job with the same benefits if that job provided better career development and greater challenges.

4.4.2.3 Employee Involvement in Decision Making

Table 4.13: Employee involvement in decision making

Scale	No of respondents	Percentage
Strongly agreed	23	0.23
Agreed	42	0.42
Neutral	10	0.10
Disagreed	17	0.17
Strongly disagreed	8	0.08
Total	100	1.00

Source: Field data (2022)

Table 4.13 highlights that a total of 65% of the respondents agreed that they were not satisfied with working conditions and 10% of the respondents were neutral. A total of 25% of the respondents disagreed. Grobler, *et al.* (2012) state that steps should be taken to identify and eliminate workplace hazards and to train and educate workers in

job safety and health. Crow & Hartman (2017) state that when the work environment is not conducive to the employee's wellbeing and expectations it can contribute to job dissatisfaction and employee turnover. If employees are happy with the current working conditions they will enjoy coming to work every day, but if the working conditions are not conducive they will leave the organization. Working conditions include the organization of the work such as: working hours, work schedules, work shifts, overtime, daily and weekly rest periods, emergency work, weekend work and holidays to mention just a few (Nel, *et al.*, 2014). According to Crow & Hartman (2017), job satisfaction and conditions of work has revealed the need for balance in work schedules to ensure that employees have adequate time for both work and private life in a concept known as work life balance. If the shifts are not well organized and coordinated, they can result in overworking some employees leading to low morale and dissatisfaction.

4.4.2.4 Input not Appreciated

Table 4.14: Input not appreciated

Scale	No of respondents	Percentage
Strongly agreed	24	0.24
Agreed	40	0.40
Neutral	11	0.11
Disagreed	16	0.16
Strongly disagreed	9	0.09
Total	100	1.00

Source: Field Data (2022)

Table 4.14 illustrates that a total of 64% of the respondents agreed that the employee's input was not appreciated in the organisation, while 11% of the

respondents were neutral and the remaining 25% (16% +9%) of the respondents disagreed. According to Crow & Hartman (2017), money and benefits may attract people to the front door, but something else has to be done to keep them from going out the back. According to Gardner (2019), people have a basic human need to feel appreciated and proud of their work. Recognition and incentive programs help to meet these needs. A successful reward and recognition programmes do not have to be complicated or expensive to be effective (Gardner, 2019).

4.4.2.5 Work- Life Imbalance

Table 4.15: Work –life imbalance

Scale	No of respondents	Percentage
Strongly agreed	18	0.18
Agreed	45	0.45
Neutral	11	0.11
Disagreed	15	0.15
Strongly disagreed	11	0.11
Total	100	1.00

Source: Field Data, 2022

Table 4.15 above highlights that a total of 63% of the respondents agreed that worklife imbalance is the cause of staff turnover and 11% of the respondents were neutral. The remaining 26% of the respondents disagreed. Ivancevich & Matteson (2014), state that work that is boring and lacks challenges may lead to job dissatisfaction. When new employees start to work for an organization, they have expectations and it becomes a problem if those expectations are not met. Such expectations include being offered an opportunity to apply their skills and abilities, while also receiving the same treatment and respect as similar employees and

enjoying good working relationship (Ivancevich & Matteson, 2014). They also expect that they will have some time off to spend with their families.

4.4.3 Objective 3: Recommend Strategies that can be used to Reduce the High Level of Employee Turnover in Equity Bank Limited

According to primary and secondary data the following are the recommended strategies that can be used to reduce the high level of employee turnover in Equity Bank limited.

Table 4.16: Employees recognition on goal achievement

Scale	No of respondents	Percentage
Strongly agreed	13	0.13
Agreed	41	0.41
Neutral	14	0.14
Disagreed	20	0.20
Strongly disagreed	12	0.12
Total	100	1.00

Source: Field Data, 2022

Table 4.16 illustrates that a total of 54% of respondents agreed that employees must be recognized when they achieve goals, while 14% of respondents were neutral. The remaining of respondents disagreed that employees must be recognized when they achieve their goals. Smit & Cronje (2003) state that after achieving their goals, employees like to be recognized by the organization. Recognition can be in the form of praising an employee or can be placed on a notice board in the organization as employee of the month. Recognition motivates employees to feel that they are the part of the organization at large (Luthans, 2012).

Table 4.17: Employees must be paid well

Scale	No of respondents	Percentage
Strongly agreed	23	0.23
Agreed	39	0.39
Neutral	8	0.08
Disagreed	16	0.16
Strongly disagreed	14	0.14
Total	100	1.00

Source: Field Data, 2022

Table 4.17 highlights that a total of 62% of respondents agreed that employees must be paid well, while 8% of respondents were neutral. The remaining (30%) of respondents disagreed. Herzberg, *et al.* (2002) state that factors like work environment, pay and company policies are factors that eliminate dissatisfaction; While pay is not the only reason for satisfaction or dissatisfaction, it should be noted that employees' perception of the level of reward they receive in return for their contribution is extremely important to the success of the organization. According to McConnell (2004), if employees' needs are fulfilled, then this increases their commitment to employee performance.

Table 4.18: Employee's work relationship

Scale	No of respondents	Percentage
Strongly agreed	13	0.13
Agreed	23	0.23
Neutral	11	0.11
Disagreed	39	0.39
Strongly disagreed	14	0.14
Total	100	1.00

Source: Field Data, 2022

Table 4.18 highlights that a total of 49% of respondents agreed that working relationship between employees must be improved while 36% of respondents were

neutral. The remaining of respondents disagreed that working relationship must be improved between employees. Smit & Cronje (2013) state that sometimes workers absent themselves just to avoid being in contact with a particular individual because they are angry at each other or fearful of each other. Dalton & Mesch (2011) state that unhealthy competition and lack of team spirit among the employees themselves may cause lowered group cohesiveness leading to staff turnover.

4.5 Discussion of the Findings

4.5.1 Main Reasons for Employees to Leave Their Jobs

During the course of data collection, the researcher noted that, the impact of turnover had received considerable attention by senior management. In short, turnover proved to be one of the costliest human resource challenges confronting the bank. The main research objective was to find out the causes and impact of employee turnover at Equity bank limited. The question sought opinions from the respondents as to what they thought were reasons for their colleagues to leave the organization. Based on the findings, several factors were attributed to the phenomenon; it included salary scale, unsatisfactory performance evaluation, and job satisfaction, lack of recognition, poor working condition and work boredom.

4.5.2 Salary Scale

This is the most common cause of employee turnover proved by respondents. Employees are in search of jobs which pay well. If the companies in which they work do not pay well, they tend to hunt for jobs that pay them considerably well. Management alienates staff by promoting someone who lacks training and or the

necessary experience to supervise. Employees tend to favor an organization in which the opportunities for advancing are wisely managed. The findings exemplified that promotional procedures are not clear and fair to all employees. An employee in the organization might have the proper qualifications to fill a vacant position but the organization will hire a fresh employee for the position. It was found that, the most common reason for leaving is the availability of higher paying jobs. It was discovered that an employee could leave the current job for the increase of salary between 5% and 10%.

It was explained by one of the respondents that *‘in a better economy the availability of alternative jobs plays a role in employee turnover’*. Griffen *et al.* (2020) noted that pay-related variables have a modest effect on turnover. Their analysis also included studies that examined the relationship between pay, a person’s performance and turnover. They concluded that when high performers are insufficiently rewarded, they leave. They cite findings from Milkovich and Newman (1999) that introduction of reward programs may lead to higher turnover among high performers.

4.5.3 Lack of Recognition

Poor recognition methods make employees leave their employer the study noted. The desire for fair recognition and improved status is very essential to everyone regardless of position, age, sex, education and the like. Every employee needs to be recognized by his peers, supervisors and other people. It is kind of embarrassing when someone’s effort is not recognized or appraised. It was found that people want to work in a place where they can succeed and feel their contribution is appreciated.

The absence of this environment can push people to explore other opportunities, hence employee turnover rate increases.

4.5.4 Lack of Career Advancement or Training

When employees were asked about career advancement and training effectiveness, they seemed to be unsatisfied. Some employees explained that due to lack of job rotation, the employer did not give them time to attend training because they knew that business would not continue due to time spent on training, as a result, they thought of finding another job where they hoped they could get career advancement. The study discovered that employees frequently named career advancement as a top consideration in choosing and staying with an employer. The same result was obtained by a survey conducted by AON Consulting and the Society of Human Resource Management, which determined that opportunity or lack of career development is one of the top reasons cited by employees who voluntarily leave an organization for another.

Martin (2013) detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when employees are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and career advancement has found that off-the-job training is associated with higher turnover presumably because this type of training impacts more general skills (Martin, 2013).

4.5.5 Lack of work-life Balance

It was discovered that lack of work life balance is a source of employee dissatisfaction. Some of the respondents complained that after job, they do not get enough time to spend with their families and for their personal activities, they are therefore de-motivated and this fact forces them to think of leaving their employers. They argued that every person in life has his/her own life to which they want to give proper time other than work life, so whenever employees find any conflict in between both lives they prefer to move to somewhere else, where they could avoid such conflicts. In the present conditions of competition among different employers in the banking industry, there is a possibility that the employees are stretched to give maximum output and this may cause imbalance between work and employee's personal life. It was further noted that from the interview that, employee's turnover was lower when employees had a shorter working hour and were given a choice of work schedules, even though their work load was higher. It was advised that organizations that provide employees with flexible work schedules had the advantage of reducing employee turnover. Employers can offer a range of different programs and initiatives, such as flexible working arrangements in the form of part-time, casual and telecommuting work. More proactive workers can provide employees not to work after official working hours.

The study also found out that some employees including the managerial workers take work at home almost every day. In the review of documentary sources, the researcher found that there is a legal provision issued in the Tanzania labor law to govern work-life balance. The exiting provisions include, annual leave, such that all employees are

entitled to a minimum of 28 days of paid annual leave. Similarly, the working week is limited to 40 hours that is 8 hours a day. All women are also entitled to 84 days paid leave on the time of child birth. However, the important point to note is, an effective work –life balance strategy is not simply about complying with the law, it is actually finding out about employees ‘needs and priorities and considering how they can be met in ways that are consistent with the needs of the business. Employers are increasingly concerned to protect their reputation and employer’s brand. Work-life balance policies are an important way for employers to identify their commitment to quality and social responsibility.

4.6 Measures Taken by Management to Reduce Turnover

Respondents were asked whether they were any efforts made by the management to retain employees. The findings showed that the management had started retaining qualified employees by giving them an increment in salary once they presented their resignation letters as one of the retention strategies. However, this caused low morale to other staff as it created a big income gap. The management also started to effectively use the exit interview procedure to identify reasons for employees leaving the organization, but this study noted that some employees were not saying the truth while filling the forms. To overcome the problem of career advancement, the bank opened a learning and development centre that operated within the bank, with the purpose of providing various job-related training to their employees. This centre has not been fruitful much enough since the managers and staff are very much occupied with the business as usual in such a way that there was not enough time for training. Even when the centre organized training for some days, managers were not ready to

release their employees due to workload. At the training level, the bank had started to conduct specialized training programs besides regular on-the-job training. The training programs include modules on customer service, team effectiveness and quality consciousness. As for performance appraisal system, the bank had started to adopt a joint process in which both the supervisor and subordinate sat together set common goals and targets to be achieved for the year, compared performance versus targets to be achieved in that year, and identified training needs. The supervisor was also encouraged to counsel the subordinates and make them aware of their respective strengths and weaknesses.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Overview

In this chapter, summary of the study findings, conclusions, recommendations and further research studies are presented. The main objective of the study was to assess the effects of employee turnover on organization performance in Equity bank limited specifically in Dar is Salaam region. Three objectives of the study were: to examine the effects of employee turnover on organization performance in Equity bank limited; to investigate the causes of staff turnover in Equity bank Limited and to recommend strategies that can be used to reduce the high level of employee Turnover in Equity bank limited.

5.2 Summary of the Research Main Findings

5.2.1 Main factors influencing Employees turnover in Equity Bank

The research findings indicated that employee turnover is a major problem with financial institutions, not only Equity bank as evidenced by some employees but also other banks. This was caused by various factors such as poor salary packages, too much work load, work stress, lack of career advancement, lack of job rotation, work stress and unfair promotion subjective performance evaluation done by supervisor.

5.3 Conclusion

The objective of this study was to assess the impact of employee turnover on organization performance in Equity bank limited specifically in Dar is Salaam

region. The study revealed the following: Staff turnover may be caused by lack of opportunities for career development, remuneration and working condition. Staff turnover if not taken into consideration will damage the image of the organization, where customers will lose trust in the organization. Moreover, productivity of the organization will also decrease, while employees will be demotivated to work for a company with high staff turnover rate. Paying employees, a market related salary may help management in retaining valuable employees. The service provided by Equity Bank Tanzania Limited will end up being compromised due to high staff turnover and this may cause customers to move to other organizations for better service. This study therefore makes recommendations arising from the empirical analysis, to reduce staff turnover in the Equity bank limited. According to Ivancevich & Matteson (2014), personal interest and background may be the cause of staff turnover. Awareness programs to employees about the retention strategies in the Equity bank limited play an important role in staff turnover reduction. Although staff turnover has cost effects in organization, it also results in lots of customer complaints about the service that is not up to standard. According to Kleiman (2003), front line staff is often the ones who set the image of the company. It is therefore very important to ensure that front line staff members are empowered to deal with customer requests efficiently, since the ability or inability of the front-line staff to respond to these requests reflects on service delivery offered by Equity bank limited.

5.4 Recommendations

Arising from the empirical analysis of results, the following recommendations are made for the Equity bank limited:

- i) Top management should create opportunities for career advancement in the organization. Creation of opportunities for career advancement may help staff to become more competent and to enjoy their work even better.
- ii) Top management should give due recognition to its internal employees when there are new positions within the organization. Clear, achievable goals and standards for each position should be set and should be known to employees. Individuals should also receive regular, timely feedback on how they are doing and should feel they are being adequately challenged in their jobs (Mathis & Jackson, 2017).
- iii) Top management should improve working conditions within the organization. The working environment should be conducive for employee's health and safety in the department. To motivate the workforce, it is important to ensure a hazard free and safe environment which also enhances efficiency and productivity. When the adverse effects of the physical work environment are not attended to by management, employees may lose interest in the work and might leave the organization (Del Val, &Fuentes, 2003).
- iv) Top management should involve employees in the decision-making process. Top management should involve employees in any issue that will affect them in the organization. Employee involvement may be through meeting with their representatives.
- v) Top management should develop employee assistance programmes in the organization to assist employees with problems to eliminate absenteeism or

staff turnover. Top management should also make sure that employees are aware of these programmes in the organization.

- vi) According to Erasmus, *et al.* (2013), the introduction of Employee Assistance Programme is of vital importance whereby troubled employees could get-in- house assistance in order to be able to cope with problems that have a negative impact on their performance that may affect service delivery.
- vii) Top management should also appreciate employee's input in the organization when they meet organizational goals. Appreciation can be through announcement or writing a letter of commendation and placing it in the notice board or provide some incentives.
- viii) Top management should reduce work boredom to employees by revisiting employee's job description in order to add some challenge job tasks on the employee's job description. If there is no match between employee and the job, the employees become bored by the job that provides no challenges or one that provides unrealistic challenges. These realities are the ones that make people leave the organization (Erasmus, *et al.*, 2003).

5.5 Limitation and Delimitation of the Study

The study was limited to the assessment of the influence of demographic, psychological and economic factors on employees' turnover at Equity bank Limited in Dar-es- Salaam region. Time was one of the constraints faced by the researcher. Respondents were not available all the time as planned due to tight schedule of their work. The researcher therefore had to reschedule meeting time with respondents in order to fulfill the demand. Moreover, the researcher resolved the problem of time

constraints by developing an action-plan and abided to it in order to manage time effectively. In addition, the researcher restricted himself into collecting data that are useful and are more likely to be processed later by developing effective data collection tools and come up with the dissertation.

5.6 Areas for Further Research

A quantitative approach was employed in this research and questionnaires were used to collect data from the respondents. In this study, the majority of respondents had different opinions on the impact of employee turnover on organization performance and there is also a need to conduct further research which can focus on employee retention strategies. Further research could be done in this field of study using qualitative methods. Qualitative methods could allow the researcher to use interviews to collect rich data from the respondents.

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APPENDICES

Appendix 1: Questionnaire

Dear Respondent,

My name is **Kihila Shadrack**, a student of Open University of Tanzania undertaking master of Human Resource Management (MHRM). I am conducting a study titled “Factors Influencing Employee Turnover on Banking Industry: A case of Equity Bank limited”. The following is the questionnaire intending to collect data. You are requested to assist in responding questions. The information contained in the questionnaire will be confidential, and only for research purposes I anticipate my gratitude to your assistance

PART A: General Information

1. Date of employment.....
2. Date of commencement

PART B: Questionnaire to respondents

1. Please tick one of the correct answers

Section A: Demographic factors

1. Age in Years

S/N	ITEM	
1.1	18-25 years	
1.2	26-35 years	
1.3	36-45 years	
1.4	46-55 years	
1.5	56 and above	

2. Gender

S/N	ITEM	
2.1	Male	
2.2	Female	

3. Length of service Years

S/N	ITEM	
3.1	1-5 years	
3.2	6-10 years	
3.3	11- 15 years	
3.4	16-20 years	
3.5	21 and above	

Section B

Please tick the correct answer

Strongly Agree= Sa

Agree = A

Neutral = N

Disagree= D

Strongly Disagree= SD

1. Please indicate your response regarding influence of demographic factors on employee turnover at Equity Bank (T) ltd.

S/N	Item	
1	I'm satisfied with the salary I' m getting in my organization	
2	In my organization there is no opportunity for career advancement.	
3	I'm not satisfied with working conditions	
4	Staff members are not involved in decision making	
5	There is a lack of employee assistance programmes	
6	My input is not appreciated	
7	Work boredom is the causes of staff turnover.	

2. Please indicate your response regarding the influence of psychological factors on employee in Equity Bank (T) Limited

S/N	Item	
1	High staff turnover causes too much wastage of resources when new staff settles in.	
2	High staff turnover causes reduction in work productivity	
3	High staff turnover causes reduction in the quality of product produced.	
4	High staff turnover cause employee not to meet their deadlines.	
5	Staff turnover causes a decline in services provision.	
6	Staff turnover disrupts service delivery.	
7	Service provided results in loss of customers.	

3. Please indicate your response regarding the influence of economic factors on employee turnover in Equity Bank limited

S/N	Item	
1	Work relationship between employees must be improved.	
2	Employees must be recognized when they achieve goals.	
3	Employee must be paid well (reasonable salary)	

Appendix II: Interview Guide

Dear Respondent

The following are the interview questions to be asked intending to collect data basing on the following topic: Influence of demographic, psychological and economic factors on employee turnover on at Equity bank limited in Dar-es-Salaam region.

You are requested to assist in responding questions as you know them. The information obtained in this interview session will be confidential, and only for research purposes I anticipate my gratitude to your assistance

Section B: Interview Questions

1. What inspired you to join this organization?
.....
2. Do you think of leaving your current employer?
If yes, why?
.....
3. In your opinion, what do you think are the reasons why your colleagues choose to leave this organization?
.....
4. What makes you continue working with this organization?
.....
5. How do you think employee turnover has affected the bank?
.....
6. What measure does the management take to reduce the level of turnover in this organization?
7. In your opinion, what makes an employee stay with one employer until the end of the prescribed contract?

Thank you in Advance for your Cooperation

Appendix II: Clearance Letter

THE OPEN UNIVERSITY OF TANZANIA
DIRECTORATE OF POSTGRADUATE STUDIES

P. Box 23409,
 Dar es Salaam, Tanzania
 www.out.ac.tz



Tel: 255-22-2668992/2668445
 Ext: 2101
 Fax: 255-22-2668759
 E-mail: dpgs@out.ac.tz

Our Ref: PG2017995821

Date: 7th August, 2022

Equity Bank Limited
 P.O. Box 254
 Dar es Salaam

RE: RESEARCH CLEARANCE

The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007. In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you **Mr. Kihila Shadrack Reg.No: PG2017995821** pursuing **Master of Human Resource Management (MHRM)**.

We hereby grant this clearance to conduct a research titled *“The Effects of Employee Turnover on Organizational Performance: A Case of Equity Bank Limited”*. He will collect his data at your area from 10th, August 2022 to 11th, Sept 2022. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P. O. Box 23409, Dar es Salaam. Tel: 022-2-2668820. We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

With kind regards,

Prof. Magreth Bushesha

DIRECTOR OF POSTGRADUATE STUDIES