

**FACTORS INFLUENCING EMPLOYEES' TURNOVER IN THE BANKING  
INDUSTRY: NATIONAL BANK OF COMMERCE (NBC) HEAD OFFICE**

**DAR ES SALAAM**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR MASTER DEGREE OF BUSINESS  
ADMINISTRATION IN HUMAN RESOURCE MANAGEMENT OF THE  
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**2013**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled “Factors Influencing Employee Turnover in the Banking Industry: The Case Study of National Bank of Commerce (NBC) Head Office Dar es Salaam” in fulfillment of the requirements for the degree of Masters in Business Administration (HRM) of the Open University of Tanzania.

.....  
Dr. Francis Michael

Supervisor

Date.....

## DECLARATION

I, **Esther George Mbwana**, declare that this is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature .....

Date:.....

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## **DEDICATION**

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## **ABSTRACT**

The employee turnover in the banking industry in Tanzania has been a threat to many people including the employers and graduates who are freshly employed after the graduations from colleges and universities. The purpose of this study was to assess the causes of employee turnover in the banking industry, the case being NBC headquarter.

The study was carried out in the city of Dares Salaam on a convenience sample of 61 respondents through the distribution of questionnaires to employees of NBC followed by a personal interview with the top management.

The findings of the study revealed that managerial controllable factors such as insufficient salary and benefits, limited opportunity for training and development, lack of promotions over time and lack of clarity in procedures for promotions contribute to employee turnover in NBC.

From the findings of the study a number of recommendations have been provided to reduce if not end the problem so that employees are retained.

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**LIST OF ABBREVIATIONS**

BOT	Bank of Tanzania
ERG	Existence Relatedness and Growth
Fr	Frequency
FSHC	Firm Specific Human Capital
HR	Human Resource
HRM	Human Resource Management
LDC	Least Developed Countries
NBC	National Bank of Commerce
NMB	National Microfinance Bank
OCB	Organization Citizenship Behaviour
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America

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## **CHAPTER ONE**

### **1.0 INTRODUCTION AND BACKGROUND TO THE STUDY**

#### **1.1. Introduction**

This is an introductory chapter. It presents the background of the study, the statement of the problem, objective of the study, research questions, the findings of the study as well as the dissertation layout

#### **1.2. Background of the Study**

Since the attainment of independence in 1961 particularly after the Arusha Declaration in 1967, the Government of Tanzania remained the main employer in the country. The Arusha Declaration committed the country to the efforts of establishing a socialistic and a self-reliant nation. The promulgation of the Arusha declaration marked the birth of a large number of new parastatals (public enterprises). It also advocated for a wide scale nationalization of the existing private companies which led to the establishment of parastatals in almost all sectors of the economy including the service sector at large and the banking industry in particular (Mboya, 2009).

Following the liberalization of the economy in 1980s, Tanzania has witnessed increased labour mobility in its various sectors and industries of the economy including the banking industry. This situation has been partly contributed by the rapid growth of the private service sector and banking industry in particular. For example, prior to the liberalization of the economy, there were only four publicly owned banking institutions in Tanzania. However, to date there are thirty two registered national commercial banks, eight regional commercial banks and five

licensed financial institutions excluding non- bank financial institutions and bureau operators. Among these banks there is only one commercial bank that is fully owned and operated by the government this bank is The Peoples' Bank of Zanzibar (BOT Report, 2009). Also the rapid growth of the banking industry in Tanzania has attributed to the significant financial sector's reforms through the enactment of the Banking and Financial Institutions Act of 1991. This Act provided for the establishment of private financial institutions including the commercial banks in the country. The Act also assigned the responsibility of licensing, regulating and supervising the financial institutions including the commercial banks to the Bank of Tanzania (URT, 1991 and U.S. Department of State Report, 2005).

As a result of the reforms in the financial sector since early 1990s, Tanzania witnessed the emerging of a number of privately owned financial institutions including commercial banks. Among others, these banks included the Standard Chartered Bank, Meridian-BIAO, Stanbic Bank, Citibank, Diamond Trust Bank, to mention few. Similarly, the government privatized the formerly publicly owned banks. For instance, in 1996 the government decided to privatize the Cooperative and Rural Development Bank (CRDB) and then followed by the restructuring of another giant publicly owned bank (National Bank of Commerce-NBC) in 1997. During the restructuring, NBC was split into two banks, namely NBC (1997) as a newly established private bank and National Micro Finance Bank (NMB) which went into privatization in 2006 (Mboya, 2009 ). The cumulative impacts of this situation have been the increased demand for the best employees in the banking industry and hence leading to fierce competition among the banking institutions given the limited supply of trained staff. In current years, the bank industry in Tanzania has experienced an



influx of different business firms ranging from local to international registering to conduct business in the country. Employees in the banking industry are hardly to be seen working on the same institution consecutively for three years. There has been a movement of staff from one bank to another day after day. In NBC, for past three years ago, the trend of employees' turnover has been increasing by 14.4% in 2009, 16% in 2010, and 17.8% in 2011 and 18.5% in 2012 (NBC annual report, 2011) as shown in Table 1. This exit movement has brought some doubts among the stakeholders in the banking industry and different questions are being asked in connection to the performance of these institutions and its compliance on international and nation labour policy.

**Table 1.1: Trend of Staff Turnover**

Year	Deceased		Resignation		Compulsory retirement		Voluntary retirement		Termination		Absconding		End of contract		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
2009	2	1	38	41	2	2	2	2	8	6	3	1	4	3	113
2010	3	2	47	52	3	1	3	1	15	9	2	0	5	1	144
2011	3	2	63	55	1	1	3	1	17	13	1	2	3	2	167
2012	3	0	67	46	2	2	1	1	12	7	1	0	18	14	174
<b>Total</b>	11	7	215	194	8	6	9	5	52	35	7	3	30	20	602

Source: NBC (HR Department) (2012)

### 1.3. Statement of the Problem

The employee turnover in the banking industry in Tanzania has been a threat to the banking industry plus employers and graduates who are freshly employed after the graduations from colleges and universities. The tremendous increase of employee

turnover in the banking industry, particularly in recent times, brings an attention on the understanding about its critical causes. National Bank of Commerce (NBC) headquarters being an area of this study has taken purposive initiatives in retaining its employees. For instance, it has established medical insurance to a staff member one spouse and a maximum of four beneficiaries /dependents. It also established retirement benefits whereby all eligible employees are member of PPF. The bank contributes 15% and an employee contributes 5% of their gross emoluments to the fund. Moreover training programs (in-house and external) are continually being developed to ensure employees are adequately trained at all levels. There is Heshima award, a good performer award and contribution of certain percent to employee motor vehicle insurance (NBC Annual Financial Statement, 2010). In spite of these entire initiatives, still employee turnover is at rampant. Therefore this study was motivated by these factors to find out the reasons for employee turnover despite all the benefits they receive.

#### **1.4. Objectives of the Study**

##### **1.4.1. General Objective**

The study intended to assess the factors influencing employee turnover in the banking industry in Tanzania, the case being the National Bank of Commerce at the headquarter in Dar es Salaam.

##### **1.4.2. Specific Objectives**

The following questions guided the study:

- (i) To explore the factors influencing employee turnover in NBC
- (ii) To investigate the effects of employees turnover in NBC

(iii) To identify strategies employed by the NBC to retain its employees

### **1.5. Research Questions**

This study was guided by the following research questions:

- (i) What are the causes of employee turnover in NBC?
- (ii) What are the effects of employee turnover in NBC?
- (iii) What strategies are in place to retain employees?

### **1.6. Significances of the Study**

It is expected that the findings of this study will help management of the banks, particularly human resources practitioners to have a clear understanding on the causes of employee turnover in the banks and this will help them to design the appropriate strategies to minimize employee turnover.

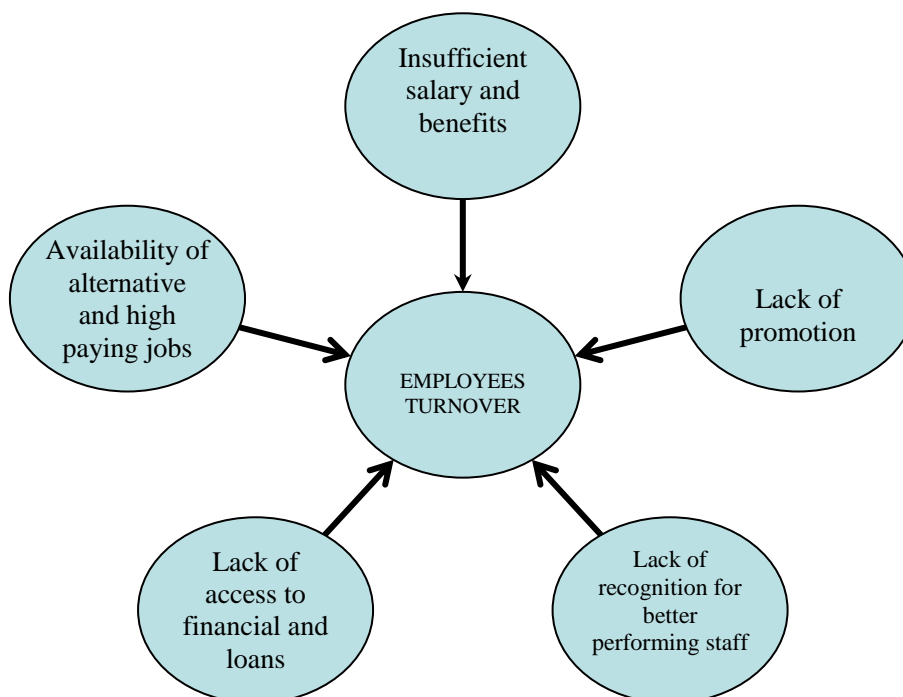
It is also expected that the findings of this study will be useful to academicians in understanding various trends concerning employee turnover. That means it will add their knowledge by identifying the causes of employee turnover and further studies on various measures that can be taken on how to minimize the problem of employee turnover. Furthermore, it is expected that the findings of this study will be useful to policy makers in understanding contributive factors that enhance the trends concerning employee turnover so that effective policies and regulations can be endorsed to facilitate the retention process in the banking industry.

### **1.7. Conceptual Framework**

Employee turnover can be caused by various factors which in turn can have impacts in the performance and the future of the bank. These causal factors can be

insufficient salary and benefits, availability of alternative and high paying jobs, lack of recognition for better performing staff, lack of access to financial and loans and lack of promotion. These factors may lead to employee low morale and employee turnover which on the other hand may affect the organization by causing low organizational performance, loss of experienced employees, high administrative hiring costs and shift of customers to other banks

### Conceptual Framework of Employees Turnover



Source: Constructed by Researcher, 2012

**Figure 1.1: Conceptual Framework Developed by Researcher**

### 1.8. Organization of the Study

The study has five chapters. The first chapter covers the introduction and background of the study. It explains the statement of the problem, the objectives of the study, research questions, the significance of the study, the scope and the limitations of the

study as well as the organization of the study. Chapter two presents the literature related to the study. It provides definitions of the key terms, theoretical framework and the empirical evidence of the study. Chapter three provides the design and the methodology used in the study. It present the research design, area of the study, study population, sampling procedures, methods of collecting data, the validity and reliability of data. Chapter five is a concluding chapter. It summarizes the findings of the study. It also provides recommendations and offers avenues for further research.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1. Introduction

This chapter presents the literature reviews related to the topic under study. It begins by defining important terms and concepts used in this study. It also presents the theoretical framework. Also, the chapter presents discussion on empirical research for the purposes of discerning the gaps filled by the study. It winds up with the synthesis of the literature review.

#### 2.2. Definitions of Key Terms

This section defines key terms related to the study.

##### 2.2.1. Employee Turnover

The term employee turnover is defined as the number of permanent employees leaving the company within the reported period versus the number of actual active permanent employees on the last day of the previous reported period (physical headcount). On the other hand, the employee turnover includes only natural employee turnover like resignations, termination, retirement and it does not reflect any redundancies. (Biz-development.com). Moreover, employee turnover refers to the rate of change in the workforce of an enterprise during a given period of time. Boxall *et al* (2003) and Gupta (2009) defined employee turnover as the time-to-time changes in the composition of the workforce. According to them these result from hiring, releasing and replacing employee. It is a measure to the extent to which old and new employees leave or enter the service. Labour turnover indicates the number of employees being hired to replace the employees who have left the firm for any reason, including resignation, discharges and layoffs. Labour turnover is concerned with individuals who work for firms rather

than self-employed individuals. For the purpose of this study employee turnover was defined as the number of permanent employees who decide to leave the bank in a given period of time

### **2.2.2 Bank**

A bank is an established and authorized institution by the government to accept deposits, pay interest, clear checks, make loans, act as an intermediary in financial transactions and provide other financial services to its customers (Business Dictionary.com). A bank can also be defined as an organization, usually a corporation, chartered by a state or federal government, which does most or all of the following:

Receives demand deposits and time deposits, honors instruments drawn on them, and pays interest on them; discounts notes, makes loans, and invests in securities; collects checks, drafts, and notes; certifies depositor's checks; and issues drafts and cashier's check. (Investorswords.com). For the purpose of this study the bank was defined as an authorized institution which deals with all cash transactions including receiving cash, keeping cash and provision of cash deposits to its customers and making investments using money kept by customers or loan from other sources.

### **2.2.3 Banking Industry**

A banking industry is defined as financial institutions that conduct current accounts for customers and enable customers to pay and be paid by third parties (wiki.answers.com). For the purpose of this study banking industry was defined as legally recognized institutions privately or publicly owned that engage in financial transactions including receiving, keeping, investing and returns the cash to its customers who can be individuals or other institutions.

## **2.3. Theoretical Framework**

### **2.3.1. Hierarchy of Needs**

Maslow's (1943) hierarchy of needs theory places employees' needs into five progressive categories, beginning with basic physical needs and progressing up to needs for personal growth and career development. According to this theory, one will have to pass the lower level of satisfaction before entering the higher level. The theory is strong as it claims that employers must motivate the employees through meeting each level of employees' needs for employees to truly commit themselves to workplace goals. According to this theory, failing to meet employee's needs at any level in the hierarchy can create a lack of fulfillment in employees' professional lives, causing them to eventually try to fulfill these needs on their own, possibly by finding a new employer who provides better opportunities. This theory does not consider that human needs are endless and in actual facts the organizations cannot meet every need of its employees. In some organizations, there are employees from the better rewarded positions who are still quitting their jobs. This means human needs are endless and there is no clear point showing that this is the highest level of satisfaction. Therefore, this theory was adopted to guide this study because as noted above, employees in some organizations quit their jobs although they are rewarded and well motivated as is the case of NBC employees.

### **2.3.2 Equity Theory**

Equity theory was developed by Adams in 1963. Importantly, it asserts measure of fairness, Equity, by comparing our balance of effort and reward, and other factors of give and take, the ratio of input and output - with the balance or ratio enjoyed by other people whom they deem to be relevant reference points. Equity theory therefore, suggests that individuals engage in social comparison by comparing their efforts and rewards with



those of relevant others. The perception of individuals about the fairness of their rewards relative to others influences their level of motivation. Equity exists when individuals perceive that the ratio of efforts to rewards is the same for them as it is for others to whom they compare. According to the theory inequity exists when individuals perceive that the ratio of efforts to rewards is different (usually negatively so) for them than it is for others to whom they compare themselves. The theory argues that the more intense the employee perceives that he or she is either more or less paid, the higher the tension and the stronger the motivation to act (Huczynski and Buchanan 2007). The strong point of this theory is that its focus is on productivity, job satisfaction and turnover reasons, that is turnover is the outcome of underpayment conditions. However, theory does not explain much on other factors of turnover such as bad organizational climate and other psychological reasons that may motivate employees to quit their jobs. Therefore, this theory was not adopted to guide this study.

### **2.3.3. ERG Theory**

Alderfer (1972) based his ERG theory on three needs: existence, relatedness, and growth. According to him, existence needs include things such as water, food and personal safety. Relatedness needs include social interaction and teamwork. And growth needs include advancement and challenging tasks. Unlike Maslow's hierarchy of needs, the ERG needs do not need to be met in order, and more than one need can be a motivating factor at a given time. The strength of ERG theory is its dynamic nature since it recognizes that people have different variables that can affect their needs on any given day or any stage of life. Again, the ERG theory allows individuals to simultaneously satisfy any of the needs, to know this one would have to assess the individual to see what motivated the person to behave in a certain way and then determine what need was

ranked as the most important to the person. However, the theory has ignored the fact that it is not easy for an organization to determine the needs of each employee since they differ from one person to another and with time. Therefore, this theory was not adopted to guide this study.

#### **2.3.4. Theory Z**

Theory Z was developed by Ouchi (1981). The theory focused on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job. According to Ouchi, theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction. Theory Z highlights that workers have a high need to be supported by the company, and highly value a working environment in which such things as family, cultures and traditions, and social institutions are regarded as equally important as the work itself. This theory is appreciated in the ground that managements must have a high degree of confidence in its workers in order for this type of participative management to work. The theory is relevant in studying employees' turnover in banking industry.

It allows the analysis on the behaviour patterns of employee and evaluate the workers' environment in the banking industry in Tanzania and see whether the banks support their employees to meet their obligations and if not whether it contributes to the employee turnover in most cases. This theory assumes that workers will be participating in the decisions of the company to a great degree. However, in any organization there are some decisions that are very crucial and urgent to the extent that they cannot be made by all workers. Therefore, this theory was not adopted to guide this study.

### **2.3.5. Expectancy Theory**

The expectancy theory was established by Vroom (1964). It puts forth the premise that employees will put forth an amount of work and commitment equal to what they expect to receive in return. Commission compensation structures leverage this theory by allowing employees to earn as much money as they desire, completely based on their job performance. Making sure that employees always expect future pay raises and potential job promotions can keep them working hard to achieve personal goals. If employees expect little compensation and there is no growth opportunity in return for their work, they may put forth only minimal effort until they eventually look to a new employer for new opportunities. Expectancy theory identifies three major factors that determine employee motivation as valence, instrumentality and expectancy (Mullins, 2001). According to him, motivation works well when there is a functional relationship between efforts expended, perceived likely outcomes and expectations that reward will be related to performance.

The importance of this theory in this study however, is on the fact that the essence of employee turnover in banking industry in Tanzania can be examined and assessed on the basis of the workers conditions in terms of their future and ongoing expectations like increase of pay as the economy changes, compensations and other rewards which might increase their working morale. Failure to do this and other many rewards may pre assumedly lead to employee turnover. The theory helps to explain why a lot of workers are not motivated on their jobs and do only the minimum necessary to get by. In that context; the theory attempts to convince that an employee will do more if he/she expects to get more and attractive benefits or incentives from the employer. Furthermore, employee commitment to his/her work organization may not need attractive reward to

illicit higher performance. With this ambiguity and area of focus in this study, the theory was not adopted to guide this study.

### **2.3.6. Job Matching Theory**

The job matching theory was established by Burdett (1978) and Jovanovich (1979). The key insight of this theory is that firms will search for employees and job seekers will search for firms until there is a good match for both parties. However, the conditions for an optimal matching may change over time, leading to continuous reallocation of labour. Basing on this study therefore, the theory has useful information related to this study. To date, we see that employees in the banking industry are searching for jobs to ever increasing number of financial institutions and a good number of financial institutions do search competent workers who have sufficient skills, experience and high degree of commitment. However, the theory does not portray the type of employees who leave the organization, the reasons that make them to leave and even the effects that the organization experience when the majority of employees leave the organization. The failure to identify these variables makes this theory to be insufficient to guide this study. Therefore, this theory was not taken to guide this study.

### **2.3.7. McClelland's Needs Theory**

McClelland's (1960) acquired needs theory recognizes that everyone prioritizes needs differently. Also, McClelland believes that individuals are not born with these needs, but that they are actually learned through life experiences. McClelland identifies three specific needs: Need for achievement is the drive to excel, need for power is the desire to cause others to behave in a way that they would not have behaved otherwise, need for affiliation is the desire for friendly, close interpersonal relationships and conflict

avoidance. McClelland associates each need with a distinct set of work preferences, and managers can help tailor the environment to meet these needs. High achievers differentiate themselves from others by their desires to do things better. The theory has relevant information related to this study that individuals are strongly motivated by job situations with personal responsibility, feedback, and an intermediate degree of risk.

In addition, high achievers often exhibit the following behaviours: seek personal responsibility for finding solutions to problems, want rapid feedback on their performances so that they can tell easily whether they are improving or not, set moderately challenging goals and perform best when they perceive their probability of success as and if all these are apparently mismitigated can leave the job and find another job. On the other hand human beings are dynamic in terms of needs and no matching needs can be addressed thus difficulty to fulfill the needs of every employee in the banking industry. Therefore, this theory was not adopted to guide this study.

#### **2.3.8. Goal-Setting Theory**

The goal-setting theory was introduced in the late 1968 by Locke. Locke proposed that intentions to work toward a goal are a major source of work motivation. Goals, in essence, tell employees what needs to be done and how much effort should be expended. In general, the more difficult the goal, the higher the level of performance expected. Managers can set the goals for their employees, or employees and managers can develop goals together. One advantage of employees participating in goal setting is that they may be more likely to work toward a goal they helped to develop. No matter who sets the goal, however, employees do better when they get feedback on their progress. In addition to feedback, four other factors influence the goals-performance relationship: the employee must be committed to the goals; the employee must believe that he or she is

capable of performing the task. Tasks involved in achieving the goal should be simple, familiar, and independent. This theory assumes that all employees are motivated when their goals are achieved or have been involved in goal setting. This is not true because every individual has his own factors that can motivate him to work. Again, there are some organizations which all their goals and rewards programs have already been set in the proposals; a good example is the non for profit NGOs which depends on donors. Therefore, this theory was not adopted to guide this study.

### **2.3.9. Firm Specific Human Capital (FSHC) Theory**

The Firm Specific Human Capital (FSHC) theory was pioneered by Becker (1975). It is asserted that if firms need to bear the cost of training, their incentives to provide staff training will be lowered by high quitting rates. According to the theory, the incentive will be even weaker when firm specific and general training are less separable, as employees have lower opportunity costs of quitting (Lynch, 1993). Therefore, firms' productivity falls as turnover increases. Even if FSHC is bred through learning-by-doing, its accumulation remains positively related to employees' tenure. As a result, a higher turnover rate will still lead to lower productivity. In addition to the direct loss of human capital embodied in the leavers, there are other negative impacts of turnover on productivity. First of all, a certain amount of output will be forgone during the vacant and training period. The administrative resources used in separation, recruitment and training could have been invested in other aspects of the production process. Moreover, high employee turnover could adversely affect the morale of the organization. By using a controlled experiment, Sheehan (1993), records that the leavers alter the perceptions of those who stay in the organization and therefore, negatively affect its productivity. As a consequence, warranted (from an employer's perspective) but involuntary job, separation

could trigger unwarranted voluntary employee departure - a snowball effect. To a greater extent the theory is most appropriate to guide this study because it identifies the reasons why employees leave the organization. The theory also portrays consequences that the organization experience when there is high rate of turnover which is reflected in the specific objectives in this study. Therefore, this theory guided this study because as said above, it identifies the reasons to why the employees leave the organization.

#### **2.4. Synthesis of Theories**

Maslow (1943) talked on hierarchy of needs that employee needs have to be met on sequential, failure to meet lower need according to him will make employee to quit the job. Clayton (1972) focused on three needs, existence, relatedness and growth though these needs must not be met in order and those individuals ranks their needs, individuals have different variables that can affect their needs at a given time. On his part McClelland (1960) explained that individuals are not born with needs but they learn through life experiences. Everyone prioritize needs differently and those individuals are motivated by job situations, with personal responsibility, feedback and intermediate degree of risk.

These three scholars talked on employee needs that employer should meet. No matter how much they differ in perceptions all these scholars' advocates for employee needs at the working environment. Adams (1963) on equity theory discussed fairness on equity and that employee consider fairness on equity by comparing efforts and rewards in comparison with relevant others. The perceptions of individuals about the fairness of rewards relative to others do influence their level of motivation. On expectancy theory Vroom (1964) discusses that employee put forth amount of work and commitment equal to what they expect to receive in return. If employee expects little compensation and no

growth opportunities in return may put minimal efforts in work and can quit the job. These scholars discuss the expectations of employee in terms fairness on equity and rewards, being the motivation factors for employee to stay or to quit the job. Ouchi (1981) on his theory Z discussed that organization should increase employee loyalty by providing a job for life with strong focus on employee wellbeing on and off the job. The theory further tells that organization should emphasize stable employment, high productivity, high employee morale and satisfaction. On other hand, Jovanovich (1979) in Job Matching Theory discusses that firms search for better employees and employees search for better firms, an ongoing process until there is good match between the two parties. However, these scholars discuss the same thing that employee and employer expectations should be matched for the benefits of both parties. Locke (1968) on Goal Setting Theory, discusses that the employer should set the goals by involving employees. The theory further discusses that intention to work toward a goal is the major source of work motivation.

Becker (1975) on Firm Specific Human Capital discusses that an investment in FSHC creates a rent to continued employment that is wedge between the alternative market opportunities of the worker and employer. The theory suggests that the firm will only have an incentive to finance firm specific human capital acquisition since the reward to general human capital investment is hard for a firm to appropriate. These two scholars discuss the motivation aspect of employee is an involvement of employee in goal setting and investing in training specifically to organization needs.

## **2.5. Empirical Evidence of the Study**

Kilumile (2011) conducted a study on factors contributing to teachers' job turnover in private schools for the period of 2005-2010. The approach used was a case study of



private schools teachers in Mbeya District. The sampling was purposively where 56 teachers and 6 school administrators were interviewed. The findings revealed that poor practice of human resource policy, job insecurity, lack of training opportunities and professional development, inequity of salary scales structure and prolonged working hours without extra pay were the factors which led to teachers' job turnover in private schools. The study is appreciated but it was carried out in the context of heterogeneous education settings in terms of financial power, salary policies and other payments policies which are not controlled by the Government. Although Kilumile conducted a study on teachers' turnover, the findings cannot lead us to conclude the same in the banking industry. Thus it was thought another study should be conducted on employee turnover in private bank institutions so as to reveal the real picture of employee turnover in the sector concerned.

Shija (2011) conducted a study on factors which led to labour turnover in immigration department. The study area was the Immigration Department of Dar es Salaam region. The methodology used was cross sectional survey approach where number of respondents was 60. The study ranked the factors which caused labour turnover as poor working conditions, low wages, nature of work, poor incentives and less opportunity for advancement. However, the focus of the study which was labour turnover in public institution provided the necessity of another study to be conducted in private bank so as to examine what is happened with employee turnover.

Booth (2007) conducted a study in UK which aimed to identify the key variables that influence the variability of labour turnover. The approach used in this research was a case study of a major retailer. The key data sources were an index for local competitive and labour market factors, an annual employee survey and internal labour turnover data

for each UK unit of the retailer. The method used for analysis was stepwise regression which identifies the key relationships that predict labour turnover. The finding shows that environmental factors such as local labour markets have a major influence on labour turnover. Organizational factors such as company culture and values are a significant influence. Management behaviour as seen through operational and control variables is also of importance. Individual employee variables are also important in decisions concerning turnover.

The statistical analysis accounts for 38.7 per cent of the total variance in labour turnover. This study is appreciated since it portrayed some useful information which is relevant to this study such as factors influencing labour turnover in a certain organization. The variation of environment context cannot lead us to rely on Booth findings and conclude the same. Factors influencing employee turnover in developed countries like UK cannot be the same to the developing nations like Tanzania. Therefore, another study on employee turnover in banking sector has to be done in less developing countries, Tanzania in particular so as to bridge the gap.

Another study was conducted by Obaidi (2011) on Organizational climate and turnover in Islamic banking in UAE in order to examine the nature, strength and significance of the links between organizational climate and employee turnover. The findings of study revealed that employees' perceptions of corporate climate play a significant role in the rate of staff turnover. Organizational justice, as a component of corporate climate, found to be the most important factor in explaining the variance in employee turnover. Work environment is another important factor, which has influence on job retention in the banking industry which is similar to our case. Although the study provide better understanding on the factors of employee turnover such as work environment, it cannot

lead us conclude the same because of variation of environments and level of development. Thus another study has to be conducted in the Tanzanian context so as to bridge the gap.

Sutherland (2002) conducted a study on "Job-to-job turnover and job-to-non-employment movement in UK. This study analyzed the establishment-based data set of voluntary quits. Exit interview data identifies two discrete types of quitters, viz. those who quit accepting alternative jobs offering superior terms and conditions of employment and those who quit for other reasons and without having alternative jobs to go to. A binomial logic model is estimated to identify the probability of quitting for reasons of having been offered and having accepted alternative employment. This probability is seen to be both gender and grade related. Females are less likely to quit for this reason. Individuals occupying the financially better rewarded grades are more likely to quit for this reason. This study tells us the factors that cause people to leave their organization. For instance, according to the study, most employees would quit the jobs when they find other promising opportunities.

The findings from this study are questionable because only exit interview was used ignoring other methods like questionnaire and documentary review. Moreover, the sample used to draw such conclusion is not stated. These shortfalls make this to be less applicable. For this matter, there was a need of conducting another study of similar nature in Tanzania banking industry by using questionnaire, documentary review to assess the causes of employee turnover. Guyo (2011) conducted a study on factors contributing to the employee turnover in Pharmaceutical Companies in Kenya. The objective of the study was to investigate employee turnover problem in Pharmaceutical Industries in Kenya. The study, specifically investigated on staff retention measures

utilized by the management, whether exit interviews were conducted, and the competitiveness of reward program and whether the conduciveness of the work place environment as factors that may have contributed to workforce turnover in this sector. The study adopted a descriptive research design to identify the employee turnover factors. A sample size of 50 employees was selected using a simple random sampling since the population for the purpose of this study was regarded as homogeneous.

The study collected both primary and secondary data using semi-structured questionnaire and review of empirical and theoretical literatures respectively. The study revealed that organization lacked effective staff retention strategies, where exit interviews were not regularly and effectively conducted, the employed reward program was not competitive and existence of unfriendly work place environment influenced most employees to leave the organization. Thus, it was concluded that lack of effective strategies to manage these factors influenced most pharmaceutical companies to continue experiencing high staff turnover rates that lower the total organization productivity and increase running costs by recurrent recruitment costs, production disrupting and broken clients relationships. The study gives us an insight on causes of employee turnover such as lack of effective retention strategies, competitive reward programs and unfriendly work environment.

However these findings reflect pharmaceuticals employees in Kenya thus they cannot be generalized as to be applied in Tanzania particularly in banking industry. Although Kenya and Tanzania are both East African Countries yet they have different cultures that may have an influence on these findings. The educational background of majority of employees in Pharmaceutical companies is different from employees of banking industry such difference may have impact on how employees perceive employment benefits and

working environment. Therefore there is a need to conduct another study of the same nature in banking industry in Tanzania.

Negrin (2002) conducted the study on Past work experience, present opportunities and turnover decisions in Israel's medical sector employees. This study explored the combined impact of past job histories and present job opportunities on turnover decisions. It predicted turnover decisions on the basis of the structural approach, emphasizing previous work experiences (time spent in past job positions) and the organizational approach (focusing on objective and perceived internal and external employment positions opportunities). A cross-sectional analysis of employees from four occupational groups in eight medical institutions and a follow-up sample of 81 "quitters" formed the database for the study.

The findings suggested that past work history and present employment opportunities produce occupation-dependent differences in turnover behaviour. It is shown that differences in employees' perception of opportunities, modified by the occupation's "market viability," influence turnover. The study is appreciated because its findings demonstrate integration of structural and organizational approach by involving both past job histories and present opportunities which to predict turnover decisions. However this study was carried out in Israel which is more advanced in the level of development compared to Tanzania. The approach used in this study is also different from this study because it used a cross-sectional analysis from eight medical institutions where quitters formed the data base for the study whereby this study will sample the existed employees in a single branch of a bank. This contributes to conduct another study of similar nature in Tanzania to assess the causes of employee turnover. Clenney (2009) conducted a study on human resource practices, job embeddedness and intention to quit in the US.

The purpose of this study was to test whether or not job embeddedness as a mediator of the relationship between human resource practices and employees' intention to quit. The study presented here used job embeddedness, a new construct, to investigate its mediation effect on the relationship between employees' intentions to leave and four areas of human resource practices: compensation, supervisor support, growth opportunity and training. The methodology used was questionnaire which was given to employees at a State Department of corrections asking their attitudes about their job, their place of employment, and the agency as a whole.

The findings of this questionnaire were analyzed utilizing the four-step method for mediation analysis. The findings showed that job embeddedness fully mediated compensation and growth opportunity, partially mediated supervisor support did not mediate training in relation to employees' intention to quit. This study is appreciated because it is one of the first studies to examine how job embeddedness develops, and what factors cause employees embedded in their jobs to keep them from leaving the organization. Also, managers can utilize several strategies and tactics from a variety of human resource practices in order to build deeper links, make a better fit, and create greater potential sacrifices for employees should they decide to look for or pursue other employment opportunities. The study employed self-reported, cross-sectional questionnaire to collect all measures. Additionally, this study used a single sample to reveal the findings. Therefore there was a need to conduct another study of similar nature in Tanzania with more diversified samples to assess the causes of employee turnover so as to expand the areas of human resource practices.

Dormio (2005) conducted a study in which the purpose was to compare the relative influences of organizational, socialization and career aspirations on turnover intentions

among design engineers in Italy. The sample of 442 engineers staffed within “design and development” units was presented, and a research model was tested using structural equation modeling techniques. The findings of this study showed that design engineers reported lower levels of turnover intention when organizational, socialization is prominent and an adequate range of opportunities that satisfy career aspirations exist within the organization. Intention to quit is a manifestation of the actual turnover. It is used as a predictor to the action of real turnover because the theory of planned behaviour. This study is appreciated since it certifies that individual may stay or quit if there are good social bonds and cooperation within the organization and when they find out that their future desired goals can be achieved when they continue staying in the organization. However, the objective of this study focused turnover among design engineers in Italy which is a developed country.

Therefore, these findings cannot be generalized in the banking industry in Tanzania setting. Therefore, there was a need to carry on another study of the same nature to assess the causes of employee’s turnover in Tanzania banking industry. Newaz (2007) conducted a study on employee perception regarding turnover decision. The purpose of this study was to find out the perceived significant causes of leaving of employees from different management hierarchy in the existing financial institutions of Bangladesh and its probable solutions. The findings revealed that in general, job recognition and appreciation were rated as the most important factors and desire to return to school is the least important factor for leaving from an organization. The other eight items were assigned in between the two positions. Easy availability of equal or better paying jobs is second perceived important factor to the employees. Unhappiness with job demands/requirements and friction/conflict with supervisor or co-worker have got the

same score as perceived important factor for switching. Unhappiness with job demands/requirements has been rated as the most important factor by mid-level of management and easy availability of equal or better paying jobs has been rated as the most important factor by entry-level of management. Job recognition and appreciation were rated as the most important factors by top level of management.

On the other hand, desire to return to school is the least important factor to top level and mid-level of management, whereas availability of better training/career opportunities has been rated as the least important factor to entry-level of management. The respondents agreed that career growth, learning and development; exciting work and challenge and recognition for work well done were the reasons for which they were staying with the organization, whereas “family friendly”; “flexibility in work hours and dress code” were the least agreed reasons. The study analyzed the possible causes of employees’ turnover in Bangladesh financial institutions which is similar to our case but its focus was to find out significant causes of employees turnover from only management hierarchy ignoring other job positions. However, the study was conducted in Bangladesh whereby its environment is quite different from Tanzania.

Therefore, the findings may not be appropriate with different financial institutions in Tanzania. In this case there was a need to conduct another study of similar nature in Tanzania to find out causes of employee turnover in different job positions. Aydogdu (2011) conducted a study in which its purpose was to gain a better understanding of the relationships between job satisfaction, organizational commitment and turnover intention. This study was conducted on 100 employees from production sector and 82 employees from service provider sector. The sample of this study was drawn from two organizations in Istanbul. Both of these organizations were in private sector. One of



these organizations was in production area, the other one was service provider. The sample consisted a total of 182 individuals from these two organizations. The findings revealed that job Satisfaction has a significant and positive relationship with organizational commitment. Turnover intention has a significant and negative relationship with job satisfaction and organizational commitment.

The study is appreciated since it has shown the degree of relationship between three variables at any organization, particularly by financial organization which is the case study for this study. However, the study was conducted in developed countries thus the level of development may have impact on the findings therefore, they may not be relevant in developing country like Tanzania. Again, the objective of this study was to study employee turnover on both production and service provision organizations thus, the findings may not be same to financial sector. Basing on these reasons, another study of similar nature had to be carried out to assess the causes of employee turnover in the banking industry.

## **2.6. Synthesis of Empirical Studies**

Booth (2007), Clenney (2009) and Obaidi (2011) identified the key variables that influence the variability of labour turnover, organizational climate and turnover. They examined the nature, strength and significance links between organizational climate and employee turnover and how human resource practices, job embeddedness have an influence in intention to quit.

Negrin (2002), Dormio (2005) and Aydogdu (2011) explored the combined impact of past job histories and presented job opportunities on turnover decisions. They established better understanding on the relationships between job satisfaction, organizational

commitment and turnover intention, and relative influences of organizational, socialization and career aspirations on turnover intentions. In his study, Guyo (2011) concluded that lack of effective retention strategies; competitive reward programs and unfriendly work environment have influence on turnover rate.

Sutherland (2002) and Newaz (2007) conducted a study on perceived significant causes of leaving of employees from different management hierarchy and how "Job-to-job turnover and job-to-non-employment establishment-based data do set the voluntary quits. Their studies give us the picture that job recognition and appreciation, desire to return to school, better paying jobs, unhappiness with the job and alternative employment have significance impact on turnover decision.

Shija (2011) and Kilumile (2011) conducted a study on contributive factors of labour turnover in the Tanzanian context. They established a better understanding on organization factors such as poor human resources policies and employee factors such as a need for carrier development as the leading factors for employee turnover.

Most of these studies on the causes of employee turnover were conducted in foreign countries which are more developed compared to Tanzania in more than two years back. That is to say the usefulness of these findings may differ with time and environments. Employees' perceptions with their jobs may change over time due to changes in economies, life style and technologies. Basing on these limitations there was a need to conduct another study in Tanzania of similar nature because the reasons for employee turnover in Tanzania may be influenced by other factors that exist in this country.

## **CHAPTER THREE**

### **3.0 RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

This chapter presents the research design, area of the study, population, sample and sampling technique, data collection methods, data analysis, validity and reliability of data.

Zikmund (2000) asserts that methodology is a systematic way to solve the research problem. Methodology enables or gives the researcher direction towards gathering information and arranging them. It also allows the researcher to participate in the field by using different techniques for the collection of data for a particular problem.

#### **3.2. Research Design**

According to Churchill (2002), a research design is a master plan specifying methods and procedures for collecting and analyzing the required data. It is a means that is to be followed in completing a study. The research design helps the researcher to obtain relevant data to fulfill the objectives of the study (Churchill and Iacobucci, 2002). There are three types of research design namely; descriptive, exploratory and causal research designs. This study used a descriptive research design. This is because descriptive studies are concerned with specific predictions, narrations of facts and characteristics concerning individuals, groups or situations. Therefore, this study adhered to the descriptive research design. The aim of the study was to investigate and get an insight to an unknown phenomenon. A case study approach used to investigate factors which led to employee turnover at NBC the Headquarter because it had a high number of employees and experienced high employee turnover.

### **3.3. Area of the Study**

The study was conducted at the head office of National Bank of Commerce (NBC). The head office is located in Dar es Salaam. The bank has over one hundred branches scattered all over the country and according to annual financial statement as at 31 December 2010 there were 1363 employees. The NBC head office was selected as a case study because the branch has the largest number of employees compared to other branches, and was thus more likely to experience high employee turnover.

### **3.4. Study Population**

The study population included some of the current employees of National Bank of Commerce at different departments in the head office. For the purpose of this study, the researcher selected respondents among current employees of the bank and among former employees of the bank. Details of quit employees of the bank will be perused to establish the reasons why they left the bank and moreover questionnaires to the current employees were distributed.

### **3.5. Sample and Sampling Procedures**

Time and finance were the major constraints. It was difficult to interview all the respondents. As such, probability and non-probability sampling were used to select the respondents. For non-probability method, random sampling was used to select a total of 100 current employees. This method was adopted in order to ensure that the right employee were indeed sampled so as to address the question of interest and to give equal chance of employees' participation in the study. For the case of probability method, purposive sampling was used to select respondents from different departments and other specific personnel in order to get information about employee turnover. These respondents were selected purposively because they hold

specific positions in the organization and they had information that other lower staff did not have.

### **3.6. Data Collection Methods**

The study used both primary and secondary data collection procedures. Primary data were directly collected from the field through interviews and questionnaires. On the other hand, secondary data were collected through reading different research, journals and staff records from the Human Resources Department of the bank.

#### **3.6.1 Primary Data**

##### **3.6.1.1. Questionnaires**

Primary data for the study were gathered by using questionnaires which were administered to the targeted respondents. The choice of using questionnaires as method of data collection considered the fact that a bank is a very busy working place and employees have a limited time. Therefore, questionnaires were distributed among the respondents who found their own time to fill them. Also, this method was opted in order to avoid interfere of employees' working hours.

##### **3.6.1.2. Interview**

The interview method was additionally used in the study in order to enhance the quality of the information gathered. A person interview is a two way communication initiated by an interviewer to obtain information from a participant. This method was used because it is the most effective means of obtaining information. Thus it was used as complimentary of questionnaires as a way to tap on information that was not possible to get through asking question on a piece of paper. The method was used for obtaining information from heads of departments and other specific personnel.

### **3.6.2. Secondary Sources**

#### **3.6.2.1. Documentary Review**

Documentary review is a technique to obtain various information from various literature including books, journals, research papers and other documentary source relating to a certain field of study. Normally, it helps to gather both quantitative and qualitative and measure the consistency of information obtained through other techniques (Kothari, 2004). Termination letters of employees, financial reports, human resource inventory files, department reports and any other documents that had relevant information to the study were consulted.

### **3.7. Data Analysis Technique**

Data collected were coded and carefully checked for correctness before they were analyzed. The Software Package for Statistical Science (SPSS) was used. Data were analyzed by using descriptive statistics which included frequency distribution tables. This software was used because it reduced the time and efforts in the process of drawing the graphs based on the data. Along with this, the SPSS software helped the researcher to make the research work more scientific and reliable

### **3.8. Data Presentation**

The findings were presented by using descriptive statistics including frequency distributions tables.

### **3.9. Reliability**

Reliability refers to the consistence, stability, or dependability of the data (wikieducator.org). The reliability of an instrument is increased by identifying the precise data needed and repeated use of the instrument in field testing. In order to

ascertain reliability of this study a pilot study was conducted to some of the banking employees outside NBC whereby questionnaires were distributed to 5 respondents. This was done in order to identify questions that might be unclear or ambiguous to them. The questions that gave ambiguous answers were revised and formatted again so that they could give reliable answers during the final process of data collection.

### **3.10. Validity**

Validity refers to the extent to which a measurement does what it supposed to do (Kothari, 2003). Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable but if is reliable, it may or may not be valid. In this study data were computerized and checked for its accuracy to make sure that they give valid results. Ten questionnaires that were not correctly filled were dropped out so that they would not give wrong conclusions

## **CHAPTER FOUR**

### **4.0 PRESENTATION, ANALYSIS AND DISCUSSION OF THE FINDINGS**

#### **4.1. Introduction**

This chapter is the heart of the study. It analyses, interprets and present the data as per the research objectives presented in chapter one. It first presents the profiles of the respondents and later it discusses the findings.

#### **4.2. Descriptive Findings**

This section presents findings in descriptive form upon which inference is made to response from the questionnaires in which the respondents' demographic characteristics in the form of age, marital status and education were established. This helped to provide a profile of the sample surveyed. Some of the information was useful on its own because it highlighted various features of the labour turnover in NBC. This section therefore served as a prelude to a more focused and descriptive analysis in subsequent sections of the chapter.

##### **4.2.1. Respondents' Distribution by Gender and Age**

It was important to investigate the age groups and gender of the employees of the NBC. The findings revealed that 31(50.8%) of the respondents were males while only 30(49.2%) were females. Age was categorized into four groups. The grouping was from the age of 18 years to 65 years and above. This grouping was based on the consideration that the economically active and productive group in Tanzania is from the age of 15 years old to 64 years (URT 1991).The findings show that the majority of the respondents 29(47.5%) employed in NBC were between 31 and 45 years of



age, followed by 22(36.1%) of respondents were between 18 and 30 years of age, and finally very few 1(1.6%) of respondents were 66 years and above. This implies that 83.9% of the total employees of the NBC were within the active age, energetic and their needs were very high that could cause them to go for search of other sources of income unless regulations were observed properly and this group of age obviously could be useful and productive for quite a long period of time if was to be managed properly. Table 4.1 illustrates the findings.

**Table 4.1: Distribution of the respondents by general characteristics**

<b>DEMOGRAPHIC VARIABLES</b>		<b>Number of Respondents</b>	<b>Percent</b>
<b>GENDER</b>	Male	30	49.2
	Female	31	50.8
	TOTAL	61	100.0
<b>AGE</b>	18 – 30 years	22	36.1
	31 – 45 years	29	47.5
	46 - 65 years	9	14.8
	66 years and above	1	1.6
	TOTAL	61	100.0

**Source:** Field Data, (2012).

#### **4.2.2. Respondents' Distribution by Level of Education**

Education is always regarded and valued as a means of liberation from ignorance. It is perceived as one among the factors that influence an individual's perception of an intervention before making decision to take part. The study reveals that out of 61 employees interviewed, 32(52.5%) of these respondent attained degree education, 16(26.2%) attained Masters Degree education, 10(16.4%) attained Diploma education and only 3(4.9%) attained certificate education. The findings imply that

the majority of the respondents interviewed were able to read and understood the questionnaires used in this study. Respondents were thus able to provide correct answers and that they understood the labour turnover in NBC. Table 4.2 summarizes the findings.

**Table 4.2: Distribution of Respondents by Level of Education**

<b>Education Level</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate	3	4.9
Diploma	10	16.4
Degree	32	52.5
Masters Degree	16	26.2
<b>TOTAL</b>	<b>61</b>	<b>100.0</b>

**Source:** Field data, (2012).

#### **4.2.3. Occupation of the Respondents**

On occupation of the respondents the findings revealed that the majority of respondents were Middle-level position who comprised 29(47.5%) followed by 16(26.2%) of senior position and 16(26.2%) of junior position. This implies that the majority of the respondents were in the group of ambitious employees who wanted to acquire higher positions thus, they were sincere to their responses as compared to those who acquired senior positions which definitely have better pay and other benefits

**Table 4.3: Distribution of the Respondents by Occupational Positions**

<b>Occupation of Respondents</b>	<b>Frequency</b>	<b>Percent</b>
Senior position	16	26.2
Middle-level position	29	47.5
Junior position	16	26.2
<b>TOTAL</b>	<b>61</b>	<b>100.0</b>

**Source:** Field Data, (2012)

#### **4.2.4. Respondents by Field of Study**

The respondents were asked on their field of studies. The findings reveal that the majority of respondents were in the field of banking and Finance. They comprised 19(31.1%) followed by 16(26.2%) of Accountancy, 10(16.4%) of Business Administration, 5(8.2%) of Marketing, 4(6.6%) of Tax Management and 3(4.9%) of Sociology. The findings imply that the majority of respondents were bankers by profession thus, they filled properly the questionnaires because they operated in the same field of banking. It is obvious that this group is aware on what their colleagues are been paid and when it comes to employment opportunities they have greater probability of quitting their jobs due to ever-increasing number of new finance institutions.

**Table 4.4: Respondent's by Field of Study**

<b>Field of Study</b>	<b>Frequency</b>	<b>Percent</b>
Accountancy	16	26.2
Economics	4	6.6
Sociology	3	4.9
Banking and Finance	19	31.1
Business Administration	10	16.4
Tax Management	4	6.6
Marketing	5	8.2
<b>Total</b>	<b>61</b>	<b>100.0</b>

**Source:** Field Data, (2012)

#### **4.2.5. Work Experience of the Respondents**

The respondents were asked to show their work experience. Table 4.5 reveal that 7 (11.5%) of the respondents had Less than 1 year of working experience, 17 (27.9%) respondents had working experience between 1 and 2 years, 20(32.8%) respondents had working experience between 3 and 4 years, 10 (16.4%) respondents had working experience of 5 and 6 years and 7(11.5%) respondents had working experience 7 years and above.

**Table 4.5: Work Experience of the Respondents**

<b>Work Experience</b>	<b>Frequency</b>	<b>Percent</b>
Less than 1 year	7	11.5
1 - 2 years	17	27.9
3 - 4 years	20	32.8
5- 6 years	10	16.4
7 years and above	7	11.5
Total	61	100.0

**Source:** Field Data, (2012)

The findings from the study imply that, most of the employees were experienced enough to work productively and efficiently. The findings reveal that about 49.2% of the respondents belonged to a medium experience (therefore assumed to belong to a medium age), usually those at the medium age have a number of requirements because it is assumed that, it is the age where people start life in terms of caring for children in all issues like paying fees, looking for sites to build in and need for private cars. Those requirements, in most cases need to be fulfilled using salaries and other compensation otherwise, they tend to look for alternatives jobs to meet their expectations.

#### **4.3. Presentation of the Findings**

This section presents the findings elated to causes of employee turnover, effects of employee turnover and retention strategies.

#### 4.3.1. Causes of Employee Turnover in NBC

It was assumed that, there were number of causes of employees' turnover in a workplace in a NBC. Different questions were used to capture the factors which cause employees turnover in a workplace, whereby each specific respondent was supposed to rate the question if he/she strongly agree, agree, neutral, disagree or strongly disagree about the question. Table 4.6 illustrates the distribution of the employees' views in frequency and percentage on the factors that contribute to an employee leaving a job in NBC.

**Table 4.6. Respondents' View on the Causes of Employee Turnover**

Turnover determinants	Strong Agree		Agree		Neutral		Disagree		Strong Disagree		Total	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Availability of alternative high paying jobs	11	18	27	44.3	6	9.8	13	21.3	4	6.6	61	100
Unrealistic expectations of staffs	14	23	29	47.5	3	4.9	10	16.4	5	8.2	61	100
Lack of involvement and participation in decision making	14	23	27	44.3	4	6.6	11	18.0	5	8.2	61	100
Lack of training and career development opportunities	15	24.6	28	45.9	4	6.6	9	14.8	5	8.2	61	100
Lack of promotions and clarity in procedures for promotions	14	23.0	25	41.0	3	4.9	13	21.3	6	9.8	61	100
Lack of recognition for better performing staffs	12	19.7	20	32.8	3	4.9	18	29.5	8	13.1	61	100
Insufficient salary and benefits	10	16.4	28	45.9	6	9.8	11	18.0	6	9.8	61	100
Job stress due to heavy workloads	13	21.3	16	26.2	10	16.4	16	26.2	6	9.8	61	100
Unclear job descriptions	13	21.3	25	41.0	4	6.6	13	21.3	6	9.8	61	100
Lack of access to financial assistance and loans	11	18.0	22	36.1	3	4.9	17	27.9	8	13.1	61	100

**Source:** Field Data, (2012)

The findings of the study reveal show that the reasons which cause employees' turnover in NBC were availability of alternative high paying jobs as supported by 62.3% of the respondents. 27.9% of the respondents did not support this view and 9.8% remained neutral. This implies that the majority of employees were not satisfied with pay and benefits offered by NBC. The study findings also indicate that unrealistic expectations of staff was another reason that led to causes employees' turnover in NBC and this reason was supported by 70.5% of the respondents while 26.4% of the respondents did not support this reason. This implies that the greater part of the employees had high expectations future life. Also, the study findings demonstrated lack of involvement and participation in decision making as another reason. This view was supported by 67.3% of the respondents. Only 26.2% did not support this view. It was further revealed that lack of training and career development opportunities were also the other causes of employee turnover in NBC. This view was supported by 70.5% of the respondents. This implies that employees may opt for job searching or alternative employment after being dissatisfied with the training and career development system.

Other factors which are the causes of employee turnover included lack of promotions and clarity in procedures for promotions, lack of recognition for better performing staffs, insufficient salary and job stress due to heavy workloads, unclear job descriptions and lack of access to financial assistance and loans. Table 4.6 illustrates. Therefore, the findings of the study indicate that employees' turnover in NBC is more influenced by management controllable factors such as lack of involvement and participation in decision making, insufficient salary and benefits, limited opportunity

for training and development, lack of promotions over time and lack of clarity in procedures for promotions.

#### 4.3.2. The Effects of Employee Turnover in NBC

To determine the effects of employee turnover, different questions were asked to the respondents. The respondents were asked to rate the level of effects of employee turnover in NBC. The question was intended to test the effects of employee turnover in NBC using the parameter of “strongly agree,” “agree,” “neutral,” “disagree” and “strongly disagree.” Table 4.7 illustrates the distribution of the employees’ views in frequency and percentage.

**Table 4.7. Respondents Views on the Effects of Employee Turnover**

Effects of turnover determinant	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
High administrative hiring costs	15	24.6	23	37.7	2	3.3	12	19.7	9	14.8	61	100
Lost of productivity associated with the interim period before a replacement can be placed on the job	18	29.5	26	42.6	3	4.9	9	14.8	5	8.2	61	100
High costs of training new staffs	20	32.8	27	44.3	6	9.8	6	9.8	2	3.3	61	100
Loss of experienced employees	25	41.0	25	41.0	3	4.9	5	8.2	3	4.9	61	100
Poor quality services	21	34.4	22	36.1	6	9.8	8	13.1	4	6.6	61	100
Low organization performance	22	36.1	22	36.1	4	6.6	8	13.1	5	8.2	61	100
Shift of customers to other banks	22	36.1	25	41.0	3	4.9	7	11.5	4	6.6	61	100

**Source:** Field Data, (2012)

From the findings in the Table 4.7 above, in the response to the statement whether high administrative hiring costs is one of the effects of employee turnover, the majority 62.3% of the respondents either agreed or strongly agreed while 19.7% disagreed. The other finding show that 72.1% of the respondents either agreed or strongly agreed with the statement that lost productivity associated with the interim period before a replacement can be placed on the job is the one of the effects of employee turnover. Regarding to the statement stating that high costs of training new staff was one of the effects of employee turnover, 77.1% either agreed or strongly agreed while 9.8% gave responses to neutral. On loss of experienced employees was one of effects of employee turnover, the majority 82% of the respondents either strongly agreed or agreed while 13.1% gave responses ranging from strong disagree and disagree. In response to the statement concerning poor quality services was one of the effects of employee turnover, the majority 70.5% of the respondents either agreed or strongly agreed while 9.8% were neutral.

Regarding to the statement that low organization performance was one of the effects of employee turnover, 72.2% of the respondents gave responses ranging from agreed and strong agreed while 13.1% of the respondents disagreed. Finally, in response to the statement shift of customers to other banks was one of the effects of employee turnover, 77.1% either agreed or strongly agreed while 4.9% gave responses to neutral.

#### **4.3.3. NBC Retention Strategies**

In order to capture the strategies which were adopted by NBC administration in retaining its employees, the respondents were asked to rate the level of satisfaction



on retention strategies adopted by their employer. The respondents were supposed to rate the question depending on whether he/she strongly agreed, disagreed, doesn't know, agree or strongly agrees. Table 4.8 below illustrates the percentage distribution on employee view on effectiveness of retention strategies adopted by NBC.

**Table 4.8: Responses on the Retention Strategies**

Retention Strategy	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Involve staffs in the decision making	20	32.8	28	45.9	5	8.2	6	9.8	2	3.3	61	100
Provide training and career development opportunities	15	24.6	30	49.2	3	4.9	10	16.4	3	4.9	61	100
Provide promotions and clarity procedures for promotions on time	17	27.9	25	41.0	2	3.3	10	16.4	7	11.5	61	100
Recognize better performing staffs	18	29.5	24	39.3	7	11.5	9	14.8	3	4.9	61	100
Provide sufficient salary and benefits	17	27.9	22	36.1	22	36.1	10	16.4	4	6.6	61	100
Provide access to financial assistance and loans to staffs	21	34.4	26	42.6	3	4.9	6	9.8	5	8.2	61	100

**Source:** Field Data, (2012)

The study findings from Table 4.8 show that strategies employed by the NBC to retain employees were: involve staff in the decision making as supported by 78.7%

of the respondents while 9.8% of the respondents did not support this view and 8.2% remained neutral. This implies that the NBC had put more effort on retaining employees by way of recognizing involvement of staff in the decision making. Also, findings of the study indicate that providing training and career development opportunities are the strategies employed by the NBC to retain employees. This strategy was supported by 73.8% of the respondents while 16.4% of the respondents did not support this strategy. This implies that a number of employees know that training and career development opportunities are the good strategies to retain employees. Also, the findings of the study demonstrate provision of promotions and clarity procedures for promotions on time are one of strategies employed by the NBC to retain employees. This view was supported by 68.9% of the respondents. Only 11.5% did not support this view. This implies that the majority of employees are satisfied with this strategy.

It was further revealed that providing sufficient salary and benefits were also one of the strategies for retaining employees. This view was supported by 64% of the respondents. This implies that employees may not opt for job searching or alternative employment after being satisfied with the sufficient salary and benefits. Other strategies which retain employees in NBC are providing access to financial assistance and loans to staff. This view was supported by 77% of the respondents.

#### **4.4. Analysis of the Study Findings**

This section analyses the findings of the study. It focuses on employee turn over in NBC, effects on employee turnover and NBC retention strategies.

##### **4.4.1. Employee Turnover in NBC**

From the findings of the study provided above, there are a number of factors which may make someone to leave an organization and join another or venturing into personal business. Different questions were used to capture the reasons which cause employees' turnover in NBC, whereby each specific respondent was supposed to rate the factors if he/she mostly agreed, agreed, was neutral, disagreed or mostly disagreed about the factor. The responses shown in Table 4.6 revealed the following factors to have high percentage in matrix; lack of training and career development opportunities as supported by 70.5% of the respondents. This implies that there are no clear policies on the selection of employees who have to go for training and the management does not consider training as a means of keeping employees. In most cases, the in job training retains employees because they create the sense of moral obligation to the organization. Training and development can safeguard certain behaviour with regard to employee turnover. Through training and development self control is possible since an employee scope of mind is broadened, wise and skills are widened to the extent of building commitment to the organization as was propounded by Meyer and Allen (1991) in their famous theory "organizational commitment theory" that define commitment as a force that binds an individual to a course of action that is relevance to a particular target.

The findings of the study also indicated that lack of promotions and clarity in procedures for promotions are other reasons which led to employees' turnover in NBC. This reason was supported by 68.9% of the respondents. For this matter, the implication is that there was no clear and straight structure for promotion in NBC, and that might have been the cause that demoralizes the morale of employees to be at a workplace. The reason for this may be lack of transparence on the whole issue of

promotions. According to Vroom (1964) in expectancy theory, for a person to be motivated, efforts, performance and motivation must be linked (Droar, 2006 1:2). Vroom further proposed that an individual should be rewarded with what he perceive as important as what a manager perceives. For example an individual may value a salary increase whereas another may instead value promotion. For this case, there is a need for the NBC to put efforts to offset this dark so as to avoid unnecessary employees' turnover. Perry (1981) in his study on employee turnover and the collective bargaining agreement examined the organization policy to affect employees' turnover. He came up with the existence of association between turnover rate and the policies. According to him, if there were good policies and transparency on promotion opportunities, turnover in a workplace could remain a history.

In this case, this study proposes that, NBC should base on the agreement on the policies with employees. It was further revealed that an Unrealistic expectation of staff was another reason that leads to causes employees' turnover in NBC as supported by 70.5% of the respondents. This view is on line with the expectancy theory established by Vroom (1964). The theory puts forth the premise that employees will put forth an amount of work and commitment equal to what they expect to receive in return. Commission compensation structures leverage this theory by allowing employees to earn as much money as they desire, completely based on their job performance. Making sure that employees always expect future pay raises and potential job promotions can keep them working hard to achieve personal goals. If employees expect little compensation and no growth opportunities in return for their work, they may put forth only minimal effort until they eventually look to a new employer for new opportunities. The Expectancy theory identifies three major

factors that determine employee motivation as valence, instrumentality and expectancy (Mullins, 2001). Also the study findings demonstrate availability of alternative high paying jobs as another reason for employee turnover in NBC. This view was supported by 62.5% of the respondents. Only 27.9% did not support this view. This implies that the majority of employees are not satisfied with the payment process. According to Maslow's (1943) hierarchy of needs theory, employees' needs are placed into five level of satisfaction. Each level of employees' needs must be met in order for employees to truly commit themselves to workplace goals. Failing to meet employee's needs at any level in the hierarchy can create a lack of fulfillment in employees' professional lives, causing them to eventually try to fulfill these needs on their own, possibly by finding a new employer who provides better opportunities.

Other factors which are the causes of employee turnover include; lack of recognition for better performing staff, insufficient salary and job stress due to heavy workloads, unclear job descriptions and lack of access to financial assistance and loans. This is shown in Table 4.5. Therefore, the finding of this study indicate that employees' turnover in NBC is more influenced by management controllable factors, such as lack of involvement and participation in decision making, insufficient salary and benefits, limited opportunity for training and development, lack of promotions over time and lack of clarity in procedures for promotions.

#### **4.4.2. Effects of Employee Turnover**

The study findings have observed that most of the effects of employee turnover in NBC are low productivity associated with the interim period before a replacement can be placed on the job, high costs of training new staff, high administrative hiring

costs, loss of experienced employees and low organization performance. Loss of experienced employees which was mentioned by 82% of respondents is the least effective strategy, followed by low productivity associated with the interim period before a replacement can be placed on the job, high costs of training new staff, high administrative hiring costs and low organization performance, which scored 77.1% 72.1% and 62.3% respectively. Surveyed respondents argued that when employees leave, companies lose not only human capital, but also accumulated knowledge. The reasons of the findings can be explained by Spender (1996). He states that the greater the value of knowledge in maintaining ongoing operations and creating new knowledge and processes, the greater the loss to the firm when employees leave. When employees leave the firm, knowledge remains, whereas tacit knowledge can be lost.

Low productivity is one of the reasons which caused employee turnover. The reasons of the findings can be explained by the Firm Specific Human Capital (FSHC) theory pioneered by Becker (1975). It is asserted that if firms need to bear the cost of training, their incentives to provide staff training will be lowered by high quitting rates. The incentive will be even weaker when firm specific and general training are less separable, as employees have lower opportunity costs of quitting (Lynch, 1993). Therefore, firms' productivity falls as turnover increases. Even if FSHC is bred through learning-by-doing, its accumulation remains positively related to employees' tenure. As a result, a higher turnover rate will still lead to lower productivity. In addition to the direct loss of human capital embodied in the leavers, there are other negative impacts of turnover on productivity.

#### **4.4.3. NBC Retention Strategies**

The study findings have observed that most of the retention strategies in the organization are not effective. The study findings revealed that the majority of the respondents are not satisfied with salaries and benefits, training development opportunities, involvement and participation in decision making. Involvement and participation in decision making which was mentioned by 78.7% of the respondents, is the least effective strategy, followed by training and career development opportunities, promotions and sufficient salary and benefits which scored 73.8% 68.9% and 64% respectively. Surveyed respondents argued that absence of effective salary and benefit scheme have been discouraging most of employee leading to the ongoing turnover. The decision by someone to leave an organization stems from the search for greener pastures (better salary). This implies that if an employee is well paid, the possibility of one's departure is reduced, provided that the other factors are held constant. Employee can be in an organization which pays well but there are other factors which are beyond organizational control and might cause someone to leave the organization.

The reasons of the findings can be explained by the expectancy theory by Vroom (1964) which stated that motivation is a function of rational calculation. According to the theory a person is motivated to the degree that he/she believes that his/her effort will yield acceptable performance, which will be rewarded by the value of which must be positive. The majority of respondents seemed to be dissatisfied with the value of their performance, that is, they put in much effort but the value of the outcome in terms of salary and benefits, training; improving working environment

and allowances are low. This has implication to the management in that they should act to ensure that the three basic components in the expectancy theory are met. These components are; valence, instrumentality and expectancy. These findings also can be explained by the Resource Based Theory by Penrose (1959) which identifies human capital, that is, workforce as the key resource of an organization. Therefore, more attention must be given to these resources which are required to accomplish organizational strategies. In the process of accomplishing organizational strategies various decisions are adopted by the organization for managing its human resources and they focus on the decision of what needs to be done and what needs to be changed in particular areas of people's management. These decisions are based on human resources practices which affect organizational outcomes by shaping employee behaviour and attitudes. Human resource practices influence business performance via the workforce's ability (e.g. by using selective hiring, training), motivation (e.g. using pay for performance), and opportunity to contribute (e.g. by using team and suggestion system). If the Human resource practices are not well accomplished, employees will have negative attitudes towards the organization and thus influence employees' turnover.

#### **4.5. Discussion on the Findings of the Study**

This section discusses the findings of the study. The discussion focuses on causes of employee turnover in NBC, effects of employee turnover and retention at NBC.

##### **4.5.1. Causes of Employee Turnover in NBC**

The study findings revealed that most employees are concerned with issues of training and career development opportunities, promotions, unrealistic expectation of



staff, and looking sufficient salary. Those are the key issues that results to employees' turnover in workplace. Although findings to those key issues were not agreed by 100% to be the causes of employees' turnover from the workplaces, but those a few who disagreed must not be ignored since they can bring great impact towards attainment of set objectives. Although employee promotions are being done in the NBC, it was found that employees are not promoted in time and that promotional criteria are not followed up. This is evidenced by the findings which show employees agreement that lack of promotions is a cause of employees' turnover in a workplace, and correspond to the findings obtained on a question about the weaknesses of the strategies adopted by the NBC to combat employee turnover, the reply to this question was lack of commitment of HRM. Promotion puts the employees at a better position as it implies a change within the organization from lower to higher position. Such a move provides the employee with greater responsibilities that require more advanced skills. Promotion also entails increasing pay package. Therefore, promotion can be treated as a reward for outstanding performance or desire for better utilization of individual's skills and abilities. Obviously, lack of promotions over time and lack of clarity in procedures for promotions greatly affect employees' morale and can easily encourage employees to quit their present organization.

This study also corresponds to the Situation Theories propounded by MacAfee and Glassman (1992). The theory asserts that absenteeism is determined by two factors; situational characteristics and situational occurrences. Observation centers on a point that several situations cause absenteeism in a workplace. There is no specific cause which stands on its own. Situational characteristic are things such as pay,

supervision, working conditions, promotional opportunities and policies. Situational occurrences are things that occur after taking a job e.g. extra vacation time, fault equipments or strained coworkers relationship. This study is also in line with what Knoop (1995), Terpstra (2004) and Beverley (2005) identifies in their empirical studies. Their studies identified the correlation of jobs and commitments, pay and the turnover which they claimed are important ingredients in the productivity. The study findings correspond to these discussed in the empirical studies. As far as insufficient salary and benefits are concerned, the findings conform to the findings by Sutton (1985) to the effect that employee benefits reduced turnover in large firms of USA. This is due to the fact that, salary and benefits are essential elements in everyday life of the employee together with his/her family. The aspiration for more money to meet life necessities extremely influences the decision of the employee whether to remain or quit the present job.

The findings of the study are also in line with the findings of a study by Rust *et al* (1996) on the importance of management style in employee retention. The findings revealed that, the intention to remain employed was strongly influenced by the level of employee satisfaction. Employees' satisfaction tends to be driven by satisfaction with managerial processes related to employee wellbeing including supervision, benefits, work, design, work environment and wages. Therefore, determining the causes of employee satisfaction and delight will help in devising programs that will improve employee turnover.

These findings can be also explained by the equity theory by Adams (1965), which states that employees are motivated by the desire to reduce inequality they perceive

to exist among them. Indeed, employees working with NBC felt that compensation packages were small and not equally provided and that is why compensation and benefits were among major reasons contributed to the employee turnover.

#### **4.5.2. Effects of Employee Turnover**

The respondents were asked to identify the effects of employee turnover. Most of the respondents, as indicated in Table 4.6, pointed out low productivity associated with the interim period before a replacement can be placed on the job, high costs of training new staffs, high administrative hiring costs, loss of experienced employees and low organization performance as the major effects. This implies that all costs related to the leaving and replacement of employees can be considered to be costs of labour turnover. These embrace not only the costs of recruitment and selection. The findings of the study can also be explained by Gaudet (1960) who put forward a rather comprehensive list of turnover costs with items such as advertising, college recruiting, applicant's travel expenses, medical examinations and psychological testing, recruitment awards for employees, and 'hotel entertainment'. The costs of these items can be accounted for and the same roughly holds for the loss of sales because of vacancies and higher average pay due to extra overtime. More difficult to estimate are the extra expenditures for training and learning contextual skills, because these include also the costs of coaching, supervision and the loss of quality and product output.

Even more complicated is the accounting for items like the loss of team productivity, the loss of effectiveness of informal communication and coordination processes and a decreased motivation of those employees who are left behind (Mobley, 1982: 20-

21). Sailors and Sylvestre (1994: 32) estimated the costs of labour turnover to US companies “to be several billion dollars per year” of which 20 per cent consists of direct turnover costs and 80 per cent of costs that can be associated but are not directly visible.

#### **4.5.3. NBC Retention Strategies**

The findings of the study demonstrate that NBC’s retention strategies such as salaries and benefits, training and development opportunities, involvement and participation in decision making are not effective. These strategies adopted by the organization fail to capture the real wants and needs of its employees. According to the Expectancy theory, for retention strategies to be effective, they must be closely related to high commitment, high performance output, or work systems that link strategies positively with the organization performance, employees trust, and organization commitment. This means that an employee will be motivated to apply more efforts when he or she believes that his/her efforts will lead to good performance appraisal and organizational rewards such as bonus, salary increase, and promotion, which will, in turn, satisfy his/her personal goals. Effective rewards certainly affect an individual’s decision to join an organization, to work at her highest potential, to exhibit special behaviors beneficial to the organization. These benefits extend contractual obligations referred to as Organizational Citizenship Behavior (OCB). These involve undertaking fitness training, accepting additional responsibilities, and remaining in the organization.

The opposite of such positive development can lead to adverse outcomes such as the increase in quitting intentions among employees, reduced efforts, and work

absenteeism. These findings are consistent with those of Falkenburg and Schyns (2007) who conducted a study on work satisfaction, organizational commitment and withdrawal behaviors. The study focused on examining the effects of work satisfaction and organizational commitment on withdrawal behavior. The findings yield support for the claim that work satisfaction and organizational commitment have moderating effects on withdrawal behaviours. The similarities in the findings despite cultural and geographical differences levels are attributed by the relevance of Two-Factor theory put forward by Herzberg (1959) which states that achievements, recognition, work itself, responsibility and advancement are motivator to employees while company policy, relationship with supervisor, work conditions, salary, status, security, relationship with subordinates and personal life are hygiene or maintenance factors. Effective retention strategies should consider these factors in order to retain employees. As far as insufficient salary and benefits are concerned, the findings conform to the findings by Sutton (1985) to the effect that employee benefits reduced turnover in large firms of USA. This is due to the fact that, salary and benefits are essential elements in everyday life of the employee together with his/her family.

The aspiration for more money to meet life necessities extremely influences the decision of the employee whether to remain or quit the present job. The findings of the study are also in line with the findings of a study by Rust *et al.*, (1996) on the importance of management style in employee retention. The findings revealed that, the intention to remain employed was strongly influenced by the level of employee satisfaction. Employees' satisfaction tends to be driven by satisfaction with

managerial processes related to employee wellbeing including supervision, benefits, work, design, work environment and wages.

Therefore, determining the causes of employee satisfaction and delight will help in devising programs that will improve employee retention. These findings can be also explained by the equity theory by Adams (1965) which states that employees are motivated by the desire to reduce inequality they perceive to exist among them. Indeed, employees working with LDC felt that compensation packages were small and not equally provided and that is why compensation and benefits were among major reasons contributed to the employees' intention to quit their jobs. Guided by the ERG Theory as propounded by Alderfer (1972), the study reveals that allowances bring about good relationship among employees. Even though the theory is particularly not for this study it can help employers to bring relationship in an organization. This implies that, allowances are so minimal if at all exists and therefore, contributes to demoralize the working morale of employees. Allowances are very important in the running of every organization since it gives morale to the employee and actually reduces stress concerning family responsibilities. Now in order to build morale to employees, allowances have to be offered at any time that they are supposed to be provided. In the organization, a number of employees were not satisfied with the allowances. The result was for them to scramble for other sources outside the working place.

Although employee promotions are being done in the organization, it was found that employees are not promoted in time and that promotional criteria are not followed up. This is evidenced by the findings which show employees agreement that lack of

promotions is a cause of absenteeism of employees in a workplace, and correspond to the findings obtained on a question about the weaknesses of the strategies adopted by the organization to combat absenteeism. The reply to this question was lack of commitment of HRM. As regards to family matters as a cause of absenteeism, the organization has nothing to do except to encourage employees to commit themselves to organization objectives. Theories as well as empirical studies discussed in chapter two, the study findings have shown that employees' commitment is the key solution to absenteeism in a workplace. An employee needs to be committed to the objectives of the organization despite the existence of the forces from those key issues that pull back the efforts of employees. This is in line with the Organizational Commitment Theory which centers on a force that binds an individual to a course of action that is relevance to a particular target. If an employee is committed to targets it is difficult for him or her to be absent from the workplace.

The study also corresponds to the Situation Theories as propounded by MacAfee and Glassman (1992). The theories assert that employee turnover is determined by two factors; situational characteristics and situational occurrences. Observation centers on a point that several situations cause employee turnover in a workplace. There is no specific cause which stands on its own. Situational characteristic are things such as pay, supervision, working conditions, promotional opportunities and company policies. Situational occurrences are things that occur after taking a job e.g. extra vacation time, fault equipments or strained coworkers relationship.

It is also in line with what Knoop (1995), Terpstra (2004) and Beverley (2005) in their empirical studies they identified the correlation of jobs and commitments, pay

and the absenteeism which they claimed are important ingredients in the productivity. The study findings correspond to these discussed in the empirical studies. Absenteeism is situational and lack of commitment, though sometimes is caused by reasons such as looking for more incomes to supplement employees living and supervising their businesses.



## **CHAPTER FIVE**

### **5.0 CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This is a concluding chapter. It presents the conclusion of the study. It also offers recommendations to reduce or end the issue of employment turnover in NBC and other organizations. The chapter also opens avenues for further researches.

#### **5.2 Summary**

The study findings revealed different factors that lead to employee turnover in banking industry with reference to NBC. Most of these factors are concerned with issues of training and career development opportunities, promotions, unrealistic expectation of staff, and looking for sufficient salaries. Although employee promotions are being done in the NBC, it was found that employees are not promoted in time and that promotional criteria are not followed up. The majority of the employees agreed that lack of promotions is a cause of employees' turnover in a workplace.

Other causes mentioned are lack of commitment of HRM and weaknesses of the strategies adopted by the NBC to combat employee turnover. Obviously, lack of promotions over time and lack of clarity in procedures for promotions greatly affect employees' morale and they easily encourage employees to quit their present organization. This is evidenced by the findings which show employees' agreement that lack of promotions is a cause of absenteeism of employees in a workplace. The study also revealed that effects of employee turnover are low productivity associated

with the interim period before a replacement of the job, high costs of training new staffs, high administrative hiring costs, loss of experienced employees and low organization performance as the major effects. This implies that all costs related to the leaving and replacement of employees can be considered to be costs of labour turnover. The findings of the study also demonstrated that NBC's retention strategies such as salaries and benefits, training and development opportunities, involvement and participation in decision making are not effective. These strategies adopted by the organization fail to capture the real wants and needs of its employees. An employee will be motivated to apply more efforts when he or she believes that his/her efforts will lead to good performance appraisal and organizational rewards such as bonus, salary increase, and promotion, which will, in turn, satisfy his/her personal goals.

### **5.3 Conclusion**

The study findings revealed a number of factors which influence the decision by employees to leave from a workplace. The respondents had different views on each question. Some of the factors which prompt employees' turnover include training and career development opportunities, promotions, unrealistic expectation of staff, and looking sufficient salary. These factors were linked to one another. For example, searching for higher payments has resulted from increase in the cost of living. Indeed, employee cannot survive on the same salary as the cost for basic human needs have escalated. Following the less purchasing power of a shilling, the salaries provided, though they are big in terms of figures but are not sufficient to meet monthly subsistent needs. In this case, many employees hesitate to remain working with the NBC. They hence look for other green pastures. The study findings revealed

that a large number of employees who filled in the questionnaires were literate enough to fill well the questionnaires and answer exactly what they were asked. The questionnaires showed that the respondents were aware of several issues that are concerned with NBC. Coming to effects of employee turnover much involves from the direct costs of turnover, such as those involved with severance and the recruitment and training of new employees.

With regard to the NBC' retention strategies, it was found that there is no seriously practice taken, as a result a large percent of respondents replied that as salaries and benefits, training and development opportunities, involvement and participation in decision making are effective strategy. This implies that a little effort has been put on the issues, since they have failed to lower turnover and achieve intended results such as commitment, organizational citizenship behaviour and increased performance. Moreover, they are not linked to organizational objective.

The NBC has established and otherwise, does a number of measures to try to combat employee turnover. The following were mentioned as being done but at leisure level, that is why they do not work properly; recognition of performance, performance appraisal system, training and development and improve working facilities.

#### **5.4 Implication and Recommendations**

A key implication from this study is that, policy makers can embrace a set of scenarios, such as the administration, salaries and allowances, promotion opportunities and opportunities for more income and to create good working conditions in order to influence employees to stay within the NBC. Policymakers need to consider and be aware of socio-economic characteristics which influence the

employees to work in the NBC. Business can time to time evaluate their rewarding systems so that they can conform to the current socioeconomic situation so as to reduce the problem of employee turnover.

### **5.5 Recommendations**

Based on the study findings above, it is recommended that the following should be taken in order to address and overcome employees' absenteeism in a workplace.

The study findings revealed that although there was a number of strategies that was taken by the NBC to combat labour turnover but employees does not effective them due to the reason that the exercise in not taken seriously. That is why the outcomes do not match with the level of which would have been accepted by the employees. It is therefore, suggested that, and in order for those strategies works properly, seriousness by HRM and follow ups would be the song of the day. It was again recommended that the heads of departments have to demonstrate seriousness and commitment in avoiding turnover in the workplace.

In recognizing the value of employees in the whole context of human resources management, relevant authorities should consider establishing an effective reward system which is intended to catalyze motivation, commitment, engagement and the development of the employees while observing fairness, equity, consistency, and transparency in operating the system. The reward system should be designed by considering the nature of the workforce, such as age, sex, level of education, and work experience because these characteristics affect the employees' interests, satisfaction and turnover intentions. Armstrong (2006) noted that, for early employees aged 30 years and below, career advancement is significant, for mid

employees aged 31 to 50 years, ability to manage their careers and satisfaction from their work is important; and for aged above 50 years employees' job security is paramount. This study as well found, that employees have despaired to some extent to be promoted to the positions they were supposed to be. In this case, they revenge by being just *laissez-faire* on performing their duties. It is recommended that fast solutions should be done in a manner of promoting them to the positions they were supposed to be in. In doing so, there should be a transparency on the system and structure of promoting employees in time.

#### **5.6 Scope and Limitation of the Study**

This study focused on NBC, the headquarter. The bank was chosen because it was thought that it will be representative of other banks which face similar problems. The only limitation for this study was time and financial constraints. Because of this limitation the study was confined to only NBC; the headquarter branch.

#### **5.7 Areas for Further Studies**

The finding of this study covered only on one organization and left a large number of organizations uncovered. Therefore, large area should be studied. For example, the study can be conducted for the whole country so that other financial institutions like CRDB and BOA Bank can be studied as well and perhaps to identify other factors that lead to employee turnover in a workplace.

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