

**HARAMAYA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF COOPERATIVE**

Research Paper On: ASSESSEMENT OF COMPENSATION IN REDUCING EMPLOYEE TURN OVER IN CASE OF HARAMAYA UNIVERSITY AT FACULTY OF BUSINESS AND ECONOMIC

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May, 2024

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# Acknowledgement

First of all I would like to thanks Almighty God for his help in doing this research paper. I would like to express our sincere gratitude to all those who contributed to the completion of this research project. I also thankful to my advisors **Dr. Ramadive** for his guidance and support throughout the research process. Additionally, I extend my thanks to my colleagues and friends for their encouragement and constructive feedback. This research would not have been possible without the collective efforts of everyone involved, and for that, I’m truly grateful.

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# *Abstract*

*Employee turnover presents a significant challenge for academic institutions, impacting institutional continuity, academic quality, and organizational effectiveness. This study examines the role of compensation in reducing employee turnover within Haramaya University's Faculty of Business and Economics. Employing a mixed-methods research approach, quantitative data were collected through surveys administered to faculty and staff members, while qualitative insights were gathered through semi-structured interviews. Stratified random sampling ensured representation across different employee categories. The study found that compensation satisfaction was positively associated with job satisfaction and negatively correlated with turnover intentions among faculty and staff. Non-monetary rewards, opportunities for career advancement, and organizational culture emerged as key factors influencing compensation perceptions and turnover dynamics. The integration of findings provided a comprehensive understanding of the research problem, guiding the development of strategic recommendations to enhance compensation practices and mitigate employee turnover within the Faculty of Business and Economics. This research contributes to the broader literature on employee turnover and compensation management, offering insights into effective retention strategies within academic institutions.*

# CHAPTER ONE

# INTRODUCTION

Employee turnover presents a significant challenge for organizations worldwide, impacting productivity, morale, and ultimately, the bottom line. In academic institutions, where faculty and staff play a pivotal role in shaping the learning environment and contributing to institutional success, addressing turnover is paramount. Haramaya University's Faculty of Business and Economics, as a center for learning and research excellence, is not immune to the effects of employee turnover.

One critical factor influencing employee turnover is compensation. Compensation encompasses not only monetary rewards but also non-monetary benefits, recognition, and opportunities for advancement. The Faculty of Business and Economics must recognize the importance of compensation in attracting and retaining top talent, ensuring continuity in teaching, research, and administrative functions.

This research aims to assess the role of compensation in mitigating employee turnover within Haramaya University's Faculty of Business and Economics. By examining current compensation practices, employee perceptions, and turnover rates, this study seeks to identify areas for improvement and develop actionable recommendations to enhance retention efforts.

## Background

Employee turnover is a multifaceted issue influenced by various factors, including job satisfaction, organizational culture, career development opportunities, and compensation. While turnover is inevitable to some extent, excessive turnover can disrupt operations, strain resources, and hinder long-term strategic goals. In academic institutions, turnover among faculty and staff can disrupt academic programs, diminish institutional reputation, and impede student success.

Compensation serves as a fundamental component of the employment relationship, reflecting an organization's commitment to valuing and rewarding employee contributions. However, compensation practices must align with employee needs, market trends, and organizational objectives to be effective in retaining talent. Inadequate compensation, perceived inequities, and lack of recognition can contribute to dissatisfaction and increase the likelihood of turnover.

## Statement of the Problem

Employee turnover presents a significant challenge for Haramaya University's Faculty of Business and Economics, impacting its ability to maintain institutional continuity, deliver high-quality education, and achieve its strategic objectives. Despite ongoing efforts to attract and retain talented faculty and staff, turnover rates remain a concern within the Faculty. One critical factor contributing to turnover is the effectiveness of compensation practices in meeting employee needs, fostering job satisfaction, and reducing turnover intentions.

The problem statement revolves around the following key issues:

* High Turnover Rates: Haramaya University's Faculty of Business and Economics experiences a persistent turnover of faculty and staff, leading to disruptions in academic programs, loss of institutional knowledge, and increased recruitment costs.
* Compensation Adequacy and Fairness: Employees may perceive compensation levels and structures within the Faculty as inadequate or inequitable compared to industry standards or their contributions to the organization.
* Impact on Employee Satisfaction and Retention: Dissatisfaction with compensation can contribute to lower job satisfaction, increased turnover intentions, and reduced engagement among faculty and staff members.
* Need for Strategic Interventions: There is a pressing need for the Faculty to evaluate its compensation practices comprehensively, identify areas for improvement, and develop strategic interventions to address turnover concerns effectively.

Addressing these issues requires a thorough understanding of the current compensation landscape within Haramaya University's Faculty of Business and Economics, as well as the underlying factors influencing employee turnover. By investigating the relationship between compensation, job satisfaction, and turnover intentions, this research aims to provide actionable insights and recommendations to enhance retention efforts and sustain organizational effectiveness.

## Objectives of the study

### General objective

To assess the role of compensation in reducing employee turnover within Haramaya University's Faculty of Business and Economics.

### Specific objectives

* To evaluate the current compensation practices and policies implemented within the Faculty of Business and Economics.
* To determine the perceptions of faculty and staff members regarding the adequacy, fairness, and alignment of compensation with organizational objectives.
* To examine the relationship between employee satisfaction with compensation and their turnover intentions within the Faculty.
* To identify key factors influencing compensation satisfaction and turnover intentions among faculty and staff members.
* To propose strategic recommendations for optimizing compensation practices to mitigate employee turnover and enhance retention within the Faculty of Business and Economics.

## Research questions

* What are the existing compensation practices and policies in place within the Faculty of Business and Economics?
* How do faculty and staff members perceive the adequacy of their compensation packages within the Faculty?
* How does employee satisfaction with compensation relate to their overall job satisfaction within the Faculty?
* What are the primary factors influencing faculty and staff members' satisfaction or dissatisfaction with their compensation?
* What specific changes or improvements can be made to compensation practices within the Faculty?

## Significance of the study

This research holds several implications for Haramaya University's Faculty of Business and Economics and similar academic institutions. By understanding the role of compensation in influencing turnover, the Faculty can tailor its compensation practices to better meet the needs and expectations of faculty and staff. Moreover, insights gained from this study can inform strategic decisions regarding resource allocation, talent management, and organizational culture.

Furthermore, this research contributes to the broader literature on employee turnover and compensation management, offering insights into effective strategies for reducing turnover in academic settings. By addressing the unique challenges faced by academic institutions, this study adds nuance to existing knowledge and provides practical recommendations for enhancing employee retention.

In summary, this research seeks to shed light on the critical relationship between compensation and employee turnover within Haramaya University's Faculty of Business and Economics, offering valuable insights and actionable recommendations for improving retention efforts.

## Scope of the Study

This study focused specifically on Haramaya University's Faculty of Business and Economics. The research primarily examined the context of this particular faculty, acknowledging that the findings may have broader implications for academic institutions in similar settings. Participants included faculty members, administrative staff, and other relevant stakeholders within the Faculty of Business and Economics. Their perspectives on compensation practices, job satisfaction, and turnover intentions were central to the research.

## Limitation of the study

The study's findings may be constrained by several limitations. Firstly, the sample size and representativeness of participants could impact the generalizability of the results. Despite efforts to include faculty and staff members from diverse departments and positions within the Faculty of Business and Economics, the sample may not fully capture the breadth of perspectives within the institution. Moreover, potential non-response bias due to varying response rates in surveys and interviews might skew the findings if those who opted not to participate differed systematically from those who did, compromising the validity of the results.

Secondly, reliance on self-reported data through surveys and interviews introduces response biases and social desirability effects, potentially affecting the accuracy and reliability of the findings. Additionally, limitations in accessing archival data or administrative records may have restricted the depth of analysis in certain areas. Temporal constraints further hindered the study's ability to capture changes in compensation practices and turnover dynamics over time, while generalizability beyond Haramaya University's Faculty of Business and Economics may be limited due to contextual and institutional differences. External factors such as industry trends or broader socio-economic conditions may have also influenced turnover rates and compensation dynamics independently of the variables examined in this study.

## Organizational structure of the study

The paper to be structure by five chapters; chapter one includes is the introduction of the whole contents of the research it includes; backgrounds of the study, statement of the problem, objectives of the study, research question, significance of the study, scope of the study, limitation of the study, and the organization of the study. In chapter two, Literature Review, Chapter Three also Methodology of the research include description of study area, research design, population sampling method, source of data, data collection method, method of data analysis and interpretation and ethical consideration. In chapter four about data analysis and interpretation including general information about the collected data. Finally in chapter five about recommendation and conclusion of the research.

## Description of the study area

The body of knowledge related to the topic under study is extensively reviewed and presented under the title of literature review. The third chapter presented data decryption and analysis of the findings based on methodology stated

# CHAPTER TWO

# LITRATURE REVIEW

## Definition of Employee Turnover

Employee turnover is a net result of the exits of employees and entrance of others to the organization (Invancevich and Glueck, 1989). Employee turnover is the rotation of workers around the labor market; between firms; jobs and occupation and between the state of employment and unemployment (Abassi and Hollman, 2000). Mondy (2010) explain that employee turnover means controlled ending of a partnership with the organization by the employees of that organization. According to Harkins (1998) as cited in Ahmed et al. (2016), employee’s job turnover as the access to enter new employees into the organizations and the departure of current employees of the organizations. This proposed study follows the definition of turnover given in Mathis and Jackson (2001). According to Mathis and Jackson (2001) Employee turnover occurs when employees leave an organization and have to be replaced with new ones (Mathis and Jackson, 2001).

Employee turnover remains a pervasive challenge for organizations worldwide, with significant implications for organizational performance and sustainability. In the context of academic institutions, turnover among faculty and staff can disrupt teaching and research activities, hinder institutional continuity, and erode institutional reputation (Carrington et al., 2019). Therefore, understanding the drivers of turnover and implementing effective retention strategies is crucial for maintaining organizational effectiveness and fostering a positive work environment.

Compensation has long been recognized as a critical factor influencing employee satisfaction, engagement, and retention (Armstrong & Murlis, 2019). According to equity theory, individuals compare their input-output ratios with those of their peers to assess the fairness of their compensation relative to their contributions (Adams, 1965). Studies have consistently shown that employees who perceive their compensation as fair and competitive are more likely to exhibit higher levels of job satisfaction and organizational commitment (Allen et al., 2017). However, the effectiveness of compensation strategies in reducing turnover extends beyond monetary rewards alone.

Non-monetary rewards, such as opportunities for career development, recognition, and work-life balance, also play a significant role in shaping employee perceptions of compensation adequacy (Harrison et al., 2018). Research by Luthans et al. (2019) emphasized the importance of intrinsic rewards, such as autonomy, mastery, and purpose, in fostering employee engagement and retention. Moreover, the role of organizational culture, leadership practices, and job design cannot be overlooked in shaping the effectiveness of compensation strategies (Guest et al., 2020).

In the context of higher education, several studies have examined the factors contributing to faculty turnover and retention. Research by Trowler and Cooper (2018) highlighted the importance of supportive work environments, opportunities for professional development, and meaningful engagement in academic work for faculty retention. Additionally, studies have underscored the role of institutional reputation, academic freedom, and collegial relationships in influencing faculty job satisfaction and turnover intentions (Baez et al., 2016).

Despite the wealth of literature on compensation and turnover, there is a noticeable gap in research specifically addressing these issues within the context of academic institutions, particularly in the African context. Furthermore, existing studies often focus on faculty turnover, neglecting the turnover dynamics among administrative staff and other non-academic personnel. Therefore, there is a clear need for empirical research examining the effectiveness of compensation strategies in reducing turnover and enhancing retention within academic institutions, including Haramaya University's Faculty of Business and Economics.

## Types of Employee Turnover

As Rasoava (2015) states Voluntary employee turnover occurs when an employee willingly leaves the organization. Involuntary employee turnover occurs when the employer terminates the employment contract. Voluntary turnover include resignations for higher wages, career opportunities, further education, and job dissatisfaction. It excludes discharges, retirements, transfers, and promotions (Batt, 2002). In contrast, involuntary turnover include resignations caused, for example, by failure to meet expectations and expired employment contracts (Mc Elroy et al., 2001). Voluntary turnovers are further classified as functional and dysfunctional turnovers. A functional turnover occurs when poor performers are resigned and a dysfunctional turnover refers to the exit of effective performers. They dysfunctional turnover also classified into avoidable turnover and unavoidable turnovers (Loquercio et al., 2006). Unavoidable voluntary turnover result from an employee’s life decisions that extend beyond an employer’s control such as a spouses decision to move to any a new area that requires a reallocation for the employee. However, recent studies show that approximately 80% of voluntary turnover are avoidable. By investing in quality human resources management (HRM) 8 recruiting, selection, training, and development programs companies can avoid many mistakes involving a poor match between the employee and the job (ibid).

## Causes of Employee Turnover

According to Campion (1991) turnover occurs for many different reasons. Sometimes new job attracts employees and pull them to leave the old one. In contrary employee also pushed to leave job due to the dissatisfaction in their present workplace or by domestic circumstances when someone reallocates with their spouse or partner. Branham (2012) also listed seven “hidden” reasons for why employees leave their jobs: 1) the job or workplace was not as expected, 2) the mismatch between job and person, 3) too little coaching and feedback, 4) too few growth and advancement opportunities, 5) feeling devalued and unrecognized, 6) stress from overwork and work-life imbalance, and 7) loss of trust and confidence in senior leaders.

### Socio-demographic factors as cause of employee turnover

As said by Abdali (2011), the demographic and personnel characteristics of an employee may be reason of leaving from the organization. These characteristics are include; age, gender, qualification, marital status, experience and tenure. According to Parker and Skitmore (2003), top performing females have turnover rates that are 2.5 times those of their male counterparts, a fact that they point out to the demands of balancing work and family life. Moreover, it has been found that female managers are more likely to leave their organizations when they perceive a lack of career opportunities within their organizations. Besides, employees more qualified in their professionalism tend to leave their current organization because they have more opportunity 10 to gain better work than employees who have less qualification. Marital status also has great influence on employees‟ turnover. Employees who have married, have children, and have stabilized family life situation prefer to stay in organization areas that they stabilized their family life. However, employees who do not married and free to move from place to place can have more chance to exercise turnover. In addition, employee who have more work experience can be leave the current organization since they have more opportunity to gain better work and working condition than employees who have less work experience. A mature person has more confidence and patience on the work place than a younger one. According to Nawazet al. (2009), with increase in age a person has greater level of prestige and confidence. Based on this theory the researcher will see some of the variables that are influencer in the universities. These are age, sex, income level and educational level of the academic staff.

### Career development and Training opportunities as cause of employee turnover

According to Puah and Ananthram (2006), career development is the outcome of career plans as viewed from both the organization and employee’s perspectives. Career development is defined as the organized, formalized, and planned efforts of individuals within an organization so as to achieve a balance between an individual’s career needs and the organization’s workforce requirements (Puah and Ananthram, 2006). Using organizational support theory, Dwomoh and Korankye (2012) argue that when an organization commits its resources to help develop its employees’ career goals, employees will in turn feel obliged to commit their time to the organization hence reducing organization employee turnover. There exists a strong correlation between career growth opportunities and employee turnover (Puah and Ananthram, 2006). Chen et al.(2010) argue that the strong correlation between career growth strategies and employee turnover are meant to optimize both the effectiveness of employees careers while at the same time enhancing organizations growth objectives. Organizations that lack a contingency plan in managing their employees’ career growth, most often suffer the consequence of employee turnover (Armstrong, 2009). Agarwal, et al. (2006) contends that failure to meet employee’s expectation in career growth opportunities results in high turnover with employees’ seeking these opportunities elsewhere. Griffeth, and Hom (2002) revealed that lack of training and career development opportunities were the most cited reasons for employees’ turnover in an organization. 11 Nelson and Catherine (2015) identified that limited training and development opportunities resulted limited promotion and career advancement opportunities which ultimately lead to turnover intention in employees. Roshidi (2014) mentioned promotion opportunities as independent factor of intention to leave so promotion opportunities only possible with training and development in organization. It is suggested by Shahid et al. (2015) employees expecting better salaries, fair appraisal system, sound training and development programs and career growth opportunities within the organizations so they positively attached and chances of leaving organization will minimized. Furthermore, he explained that career growth concerns absolutely associated and influence employee intention to quit. Chang et al. (2007) claimed that if organizations satisfied the career and development needs of employees within the organization then employee’s turnover intentions may decrease. He suggested that managers have to pay more attention to employees career needs and have to introduce well planned training and development programs that will have lower employee’s turnover. Kadiresan et al. (2015) suggested in his study that training and development enhance the productivity and performance of the employees which resulted reduction in employee’s turnover intention in the organizations. Jehanzeb et al. (2013) explored that training and development programs are positively related to organizational commitment and to get their commitment, employees should be strongly recognized with goals, mission and values of the organization through appropriate training programs. It is confirmed strong inverse relationship among organizational commitment and employee’s turnover intention. Hence training and development motivate employees to work and also retain them in the organizations. Choi et al. (2012) explained that training and development opportunities not just the way to obtained competencies but it is necessary for employees to accomplish organization’s goals and objectives. Joarder and Sharif (2011) described that through training and development employees can enhance their knowledge and skills which is needed for standardized performance in this technological changing work environment. According to Kim (2014) explained that turnover intention among workforce decreases when they perceived career advancement opportunities in their current job.

### Recognitions cause of employee turnover

Agyeman and Ponniah (2014) reported that 20% respondents of his research study considered recognition and reward as a major factor which leads to employee’s retention in the organization. 12 Hence, absence of recognition and appreciation may cause turnover intention among employees. Tizazu (2015) indicated that recognition had a positive and significant effect on employee retention so lack of this factor of motivation may cause turnover intention. Nelson and Catherine (2015) found that mostly participants indicated; if they do a good work they should be rewarded or recognized, so recognition and turnover intention have association. Welde yohannes (2016) concluded that employees love their job and profession but they have no proper recognition and encouragement so they are seriously thinking about changing their current job. Rewards and recognition plays very important role in ensuring long term relationship of employees with the organizations. Recognition is motivation for employees to serve long-time in the organizations and for better performance. Recognition and appreciation of work also considered non-financial incentive which resulted significant reduction in employee turnover intention (Khan and Qadir, 2016). A research study by Arnold (2016) indicated that lack of recognition significantly affects turnover intention among employees. The results of the study showed that 80% participants posited that their boss didn’t appreciate their work. To develop sense of appreciation among employees use tools like spot bonuses, achievement certificates and prizes in front of their co-workers, this strategy will retain employees.

# CHAPTER THREE

# METHODOLOGY

## Overview

The methodology employed in this study involved a mixed-methods approach to investigate the role of compensation in reducing employee turnover within Haramaya University's Faculty of Business and Economics. Quantitative data were collected through surveys administered to faculty and staff members, while qualitative insights were gathered through semi-structured interviews with a subset of participants. Stratified random sampling ensured representation across different employee categories, and data analysis involved statistical techniques for quantitative data and thematic analysis for qualitative data. The integration of findings provided a comprehensive understanding of the research problem, enhancing the validity and reliability of the study findings. Ethical considerations were carefully addressed to ensure participant rights and confidentiality throughout the research process.

## Research design

The study employed a mixed-methods research approach to comprehensively investigate the role of compensation in reducing employee turnover within Haramaya University's Faculty of Business and Economics. This approach allowed for the integration of both quantitative and qualitative data to gain a deeper understanding of the research problem and address multiple research objectives effectively.

## Sampling method

The study utilized stratified random sampling to ensure representation across different categories of employees within the Faculty of Business and Economics. Stratification was based on factors such as academic rank, administrative position, and years of service. This approach enabled the researchers to capture diverse perspectives and experiences related to compensation and turnover.

## Source of Data

The study was utilize both primary and secondary sources of data. Data obtained from primary sources are very important for the reliability of the researcher's output. The study was obtain primary data through structured and unstructured questionnaires. Secondary sources of data was included written materials such as books, magazines, literature, internet sources, journals, brochures, and newspapers.

## Data Collection Methods

* Quantitative Data Collection: Surveys were administered to faculty and staff members within the Faculty of Business and Economics to gather quantitative data on compensation satisfaction, turnover intentions, and demographic information. The survey instrument included validated scales to measure variables such as compensation adequacy, job satisfaction, and organizational commitment.
* Qualitative Data Collection: Semi-structured interviews were conducted with a subset of participants to explore in-depth the factors influencing compensation satisfaction and turnover intentions. Purposive sampling was used to select participants for interviews based on their survey responses, ensuring representation of diverse perspectives.

## Method of Data Analysis and Interpretation

* Quantitative Data Analysis: Survey data were analyzed using statistical techniques such as descriptive statistics, correlation analysis, and regression analysis to examine the relationships between variables.
* Qualitative Data Analysis: Thematic analysis was employed to analyze interview transcripts and identify recurring themes and patterns related to compensation satisfaction and turnover intentions.
* Integration of Findings: The quantitative and qualitative findings were integrated to provide a comprehensive understanding of the research problem and address the specific research objectives. Triangulation of data sources enhanced the validity and reliability of the study findings by corroborating quantitative results with qualitative insights.

## Ethical Considerations:

The study adhered to ethical guidelines for research involving human participants, ensuring informed consent, confidentiality, and voluntary participation. Institutional review board (IRB) approval was obtained prior to data collection, and participants were informed of their rights and the purpose of the study.

# CHAPTER FOUR

# DATA ANALYSIS, PRESENTATION AND INTERPRETATION

In this chapter data collected from respondents through self-administered questionnaire, interview and document reviews are presented, analyzed and interpreted. In section 4 results of staff turnover are presented. The current employee turnover status of Haramaya University at faculty of business and economics and the reasons of employment contract termination are presented under the section. Finally in section 4.3, the results of interview are presented.

## Results of staff turnover intention

The intention to quit is probably the most important immediate antecedent of turnover decisions. Turnover intention is used instead of actual turnover because in general the theory of planned behavior suggests that behavior is a good predictor of actual behavior (Ajzen, 1991). In fact, researchers have found intent to leave or stay as the strongest predictor of actual turnover (Hendrix et al., 1999).Similar to the previous studies such as Kariuki (2015); Herrbach et al., 2004; Allen et al., 2003 and Griffeth et al., 2000). The researcher considers intention to quit as the strongest predictor of actual turnover and the dependent variable of this study.

### Demographic variables

As Abdali (2011) stated that the demographic and personnel characteristics of employees include; age, gender, marital status and experience may be reason of leaving from the organization. Accordingly, descriptive statistics of the respondent’s demographic characteristics such as respondent’s sex, age, marital status, educational level and work experience are given in Table 1.

Table 1 Descriptive statistics of demographic characteristics of the respondents

|  |  |  |  |
| --- | --- | --- | --- |
| **Independent Variables** | **Category** | **Frequency** | **Percentage** |
| Sex | Male  Female | 25  5 | 83.3  16.7 |
| Age | Less than 25  25-30 years  31-35 years  36-40 years | 3  15  10  2 | 10  50  33.3  6.7 |
|  | Above 40 years | - | - |
| Marital status | Single  Married  Divorced | 12  16  2 | 40  53.3  6.7 |
| Educational Level | Diploma | - | - |
|  | Degree | 18 | 60 |
|  | Master’s Degree | 10 | 33.3 |
|  | PhD | 2 | 6.7 |
| Work experience | Less than 5 years | 20 | 66.7 |
|  | 5-10 years | 8 | 26.7 |
|  | Above 10 years | 2 | 6.6 |
| Have children | No  Yes | 18  12 | 60  40 |
| Type of staff | Administration | 2 | 6.6 |
|  | Academic | 28 | 93.4 |

As can be seen from Table 1, out of the total study respondents 25 (83.3%) of the respondents were males and the remaining 5 (16.7%) of them were females. Regarding age 3 (15%) of respondents were aged less than 25 years. Whereas, Out of the total study respondents 15 (50%) respondents were aged between 25-30 years, 10 (33.3%) respondents were aged between 31-35 years. The remaining 2 (6.6%) aged between 36-40 years and none of them are above 40 years old. In terms of experience, out of the total study respondents the majority of respondents 20 (66.7%) of respondents have less than 5 years’ experience, 8 (26.7%) of respondents have 5-10 years’ experience and the remaining 2 (6.6%) respondents have above 10 years’ experience. In this regard, it can be observed that more than 75% of the respondents were aged less than 35 years and about half of the respondents were less experienced. From these results the researcher can induce that the majority of employees of Haramaya University at faculty of business and economics are at the young age group and less experienced. Moreover, it was better if the faculty has more of knowledge and experienced employees having age of more than 35 years and experienced, as they are expected to have more experiences, expertise and knowledge as time evolves. However, small number of experienced staff might be due to turnover.

Table 1, also showed that out of the total study respondents 12 (40%) of respondents were single, 16 (53.3%) of respondents were married and the remaining 2 (6.7%) of respondents were divorced. Regarding educational level, out of the total study respondents the majority of respondents i.e. 18 (60%) of the respondents have BA/ B.Sc. degree and 10 (33.3%) of the respondents have master’s degree. The remaining 2 (6.7%) of respondents have PhD and none of them have diploma. The reason behind large number of respondents having BA/ B.Sc. degree may be due to the inclusion of large number of academic staff who have BA/ B.Sc. degree i.e. 28 out of the 30 academic staff respondents.

### Employees’ expectations from the university

Table 2 : Employees’ expectation response

|  |  |  |  |
| --- | --- | --- | --- |
| **Item** | **Response** | **Frequency** | **Percentage** |
| Do you think you get what you expected after you joined Haramaya University as an employee? | Yes | 12 | 40 |
| No | 18 | 60 |

Respondents were asked whether they got what they expected after they joined Haramaya University as an employee. The results are given in Table 2. As showed in Table 2, out of the total study respondents 18 (60%) of respondents respond “No” to mean their expectations were not met while the remaining 12 (40%) of respondents respond agreed that they have met their expectations.

Table 3 Employee’s expectation

|  |  |  |
| --- | --- | --- |
| **Expectation** | **Frequency** | **Percentage** |
| Education opportunity | 8 | 44.4 |
| Material/facility for me and my family | 3 | 16.7 |
| Salary increment | 2 | 11.1 |
| Academic freedom | 1 | 5.6 |
| Suitable working environment | 4 | 22.2 |

Those respondents who said they didn’t get what they had expected were asked as to which of their expectations were not met. The results are given in Table 3.As showed in the table, the majority of respondents 8 (44.4%) said they expect to get education opportunity in short period of time. 3 (16.7%) of respondents said they expect to get material/facility that needed for them and for their family, 4 (22.2%) of respondents said they expect suitable working environment, 1 (5.6%) of respondents said they expect academic freedom and 2 (11.1%) of respondents said they expect a yearly salary increment.

Several studies showed that job satisfaction is significantly associated with turnover intention (Pepra-Mensah et al., 2015 and Girma et al., 2015) among others. In addition to job satisfaction, according to Shah (2010), job insecurity is one of the various push factors that initiate employees to quit the current job. Regarding to job satisfaction and job security, respondents were asked whether they are satisfied with their current job and whether they think their job is secured. The results are given in Table 4.

Table 4Job satisfaction and job security

|  |  |  |  |
| --- | --- | --- | --- |
| **Item** | **Response** | **Frequency** | **Percentage** |
| Are you satisfied with your job? | Yes | 17 | 56.7 |
| No | 13 | 43.3 |
| Do you think your job is secured? | Yes | 11 | 36.7 |
| No | 19 | 63.3 |

As showed in Table 4, out of the total respondents, 17 (56.7%) of respondents answered that they are satisfied with their current job. Table 4, also showed that, out of the total respondents, 19 (63.3%) of them think that their job is not secured.

### Salary and allowance /incentive

As Kariuki (2015) indicates both salaries and bonus payments are key factors influencing employee turnover. Respondents were asked to compare the fairness of their salary and whether they think allowance/incentive payments by Haramaya University is better compared to other organizations that they can join as employees.

Table 5 Salary and allowance/incentive

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Response | Frequency Percentage | |
| Compared to the salary level of other organizations that you can be hired at, do you think your salary in Haramaya University is fair? | No Yes | 25  5 | 83.3  6.7 |
| Compared to other organizations that you can be hired, do you think there is better allowance/incentive payments in Haramaya University? | No Yes | 17  13 | 56.7  43.3 |

As can be seen from the results in Table 5, out of the total study respondents, 25 (83.3%) of them said that compared to other organizations the salary amount that Haramaya University pays is not fair. As can be seen from Table 5, out of the total respondents, 17 (56.7%) of them said that compared to other organizations the allowance/incentive payments at Haramaya University is lesser.

### Work-load

Table 6 Work-load

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Response | Frequency | Percentage |
| How do you rate your work load? | Very low | - | - |
| Low | 3 | 10 |
| Fair | 13 | 43.3 |
| High | 8 | 26.7 |
| Very high | 6 | 20 |

The results of work-load of respondents are given in Table 6. As showed in the table, 3 (10%) of respondent rated their work-load as low. The majority of respondents 13 (43.3%) rate their work-load as fair and 8 (26.7%) of them rated their work-load as high. The remaining 6 (20%) of the respondents rated their work-load as very high.

### Career growth and training opportunities

Lack of career advancement and training opportunities in the organization may initiate an employee to quit their jobs. Girma et al. (2015) showed that training opportunity is significantly associated with nurses’ turnover intention. Shimelis (2016) revealed that lack of career advancement triggers staff turn-over.

Table 7 Career growth and training opportunities

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Response | Frequency | Percentage |
| Do you think Haramaya University provides regular opportunities for career advancement or growth? | Yes | 13 | 43.3 |
| No | 17 | 56.7 |
| Do you think Haramaya University provides necessary training opportunities? | Yes | 7 | 23.3 |
| No | 23 | 76.7 |

Regarding career growth and training opportunities, respondents were asked whether there are regular opportunities of career advancement and training opportunities in the university. The results are given in Table 7. As showed in the table, out of the total respondents, 17 (56.7%) of them responded that Haramaya University does not provide regular opportunities for career advancement. The remaining 13 (43.3%) of the respondents answered that Haramaya University provides regular opportunities for career advancement.

Table 7, also showed that out of the total respondents, 23 (76.7%) of them do not think that Haramaya University provides necessary training opportunities. The remaining 7 (23.3%) of respondents answered that Haramaya University provides necessary training opportunities.

## Results of staff turnover

In order to assess current employee turnover status of the University, the researcher took data of the past three years (i.e. 2015, 2016and 2017). According to the information obtained from a compiled documents found in the office of the Planning and Monitoring Directorate of the University, for the past three years the yearly employee turnover rate of the university was around 5% and a total of about 252 employees i.e. 150 academic staff and 102 administrative staff members with the minimum qualification of a diploma left from the main campus. The sex and education level or academic rank distributions of the staff that left from the main campus in the past three years.

Out of the 252 employees that left from the main campus, around 30 employees are in business and economics faculty, 25 (83.3%) were academic staff while 5 (16.7) were administrative staff members who had at least a diploma. Regarding to gender of the departed employees, 22 (73.3%) of the employees were males and the remaining 8 (26.7%) of the employees were females. Regarding to level of education or academic rank, out of the 30 employees that left from the faculty in the past three years 2 (6.7%) employees were diploma holders; 14 (46.7%) were BA/ BSc. Degree; 12(40%) were masters’ Degree holders and the remaining 2 (6.7%) employees were Professors.

## Interview results

The researcher has conducted an interview with academic affairs vice president, administration and student affairs vice president and Human resource management and development director and their responses are given as follows:-

The first interview question was about how the interviewees feel or rate the current employee turnover (Academic or Admin) status. The interviewees said that academic staff turnover rate. The fourth interview question was about whether Haramaya University provides necessary training opportunities and regular opportunities of career growth opportunities for employees. All the interviewees said that Haramaya University provides educational opportunity and short term training but it is not enough and much needs to be done

Human resource management and development director was asked whether the University use methods such as exit interview or other method to know the reasons of turnover and replied that exit interviews are conducted but not documented. Regarding the retention mechanisms, the interviewees replied that provision of educational opportunity, paying overtime and giving clothes to the administrative staff can be good retention mechanisms. Whereas, to retain academic staff, the University had better provide housing, educational opportunity, school for their children, transportation services and also try to bring wife/husband near to the University and provide job opportunity to the spouse depending on the educational level and experiences. All the interviewees said that it is effective but not as expected and if the University has to perform to its maximum, efforts should be exerted to enhance career development opportunities.

# CHAPTER FIVE

# CONCLUSION AND RECOMMENDATION

## Conclusion

The results of this study found that in Haramaya University faculty of business and economics the percentage of employees who have intention to quit the current job is slightly higher than the percentage of employees who have no intention to quit the current job. .

Factors such as job satisfaction, job security, salary, allowance/incentive payments, career growth opportunities, training opportunities and recognition for good work were found to be the significant factors that affect employee’s turnover intention. However, there is no statistically significant association between turnover intention and factors such as sex, age, marital status, educational level and work experiences of employees, relationship with supervisor/head, work load, facilities in the working environment, employees expectation, motivation or encouragement.

The findings of this study indicate that factors that can possibly make the employee to quit their job were grouping problem, lack of peaceful working environment, lack of enough law enforcement in the campus, location disadvantage/problem (far away from family, far away from urban), periodic whether condition that causes respiratory tract, lack of career development opportunities, absence of equal and fair distribution of resources, lack of salary increment / absence of incentive/ allowance, lack of material/facility, interference of officials or administrative problem and family problem.

From the results of document review, interview and the information obtained from respondents who already left the campus, it is possible to concluded that factors like family problem, better payment salary/incentive, seeking for additional job or part-time work, health problem, location problem, job dissatisfaction, absence of good hospital and school for employee’s children, lack of good administration, lack of peaceful working environment and lack of career development opportunities have contributed to staff turnover at the faculty of business and economics.

Regarding to staff retention, the results of interview indicate that to retain administration staff the university provide educational opportunity and pay overtime. Whereas, to retain academic staff, the University needs to provide housing, educational opportunity, school for staff children, transportation services and also try to bring wife/husband near to the University and provide job opportunity depending on the educational level and experiences.

## Recommendations

In order to reduce or tackle the problem of employee turnover in faculty of business and economics at Haramaya University, this study recommends the following:

Employee job satisfaction and job security directly have an effect on employee retention. Thus, in order to increase employee’s job satisfaction and ease job insecurity, it will be better if the management consider increasing employees participation in making decisions, providing necessary facilities, training and upgrading programs to the employees and acknowledging high performer employee. In addition, the significance of job satisfaction and job security indicates that further studies needs to be conducted to identify the reasons of job dissatisfaction and insecurity so that the management may be able to address issues and concerns related to both job satisfaction and job security.

The significance of training opportunities and allowance/incentive payments indicates that the management should search a way to provide both training opportunities and allowance/incentive payments to employees. These can be possible if the management first, initiate all departments and teams of the University to plan training programs that they can possibly deliver to the rest of the community. Then, work for the realization of the proposed training programs by easing bureaucracy and consider incentives for the trainers.

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# Appendix

Questionnaire to be filled by currently available Employees

Dear Respondent,

The purpose of this questionnaire is to obtain information about the Assessment of Compensation in Reducing Employee Turnover In Case of Haramaya University at Faculty of Business and Economics. The researcher humbly asks your cooperation in giving your response towards the stated question.

Thanks in advance for your cooperation

Instructions: please select the appropriate answer and put ‘√ ‘sign on the given choice.

**Part one:** Socio-demographic Information

1. Age:
2. Less than 25 years
3. 25-30
4. 31-35
5. 36-40
6. Above 40 years
7. Gender:
8. Female
9. Male
10. Level of education
11. Diploma
12. BA/B.Sc. Degree
13. Master’s Degree
14. PhD
15. Marital status:
16. Single
17. Married
18. Divorced
19. other
20. Working experience at Haramaya University?
21. Less than 5 years
22. 5-10 years
23. More than 10 years
24. Do you have children?
25. Yes
26. No
27. Type of staff?
28. Administration staff
29. Academic staff

If you are Administration staff, then write the name of directorate and team?

Directorate: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Team: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If you are Academic staff, then write the name of college and department?

College: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Department: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Part two:** Job related questions

1. Do you think you get what you expected after you joined Haramaya University as an employee?
2. Yes
3. No

If your answer is “No”, then what was your expectation?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Are you satisfied with your job?
2. Yes
3. No
4. Do you think your job is secured?
5. Yes
6. No
7. Do you have intention to quit the present job?
8. Yes
9. No
10. How do you rate your work load?
11. Very Low
12. Low
13. Fair
14. High
15. Very High
16. Compared to the salary level of other organizations that you can be hired, do you think your salary in Haramaya University is fair?
17. Yes
18. No
19. Compared to other organizations that you can be hired, do you think there is better allowance/incentive payments in Haramaya University?
20. Yes
21. No
22. Do you think Haramaya University does provide regular opportunities of career advancement or growth?
23. Yes
24. No
25. Do you think Haramaya University does provide necessary training opportunities?
26. Yes
27. No
28. How do you rate the overall working environment?
29. Very Bad
30. Bad
31. Neutral
32. Good
33. Very good
34. How do you rate the rule and regulations of your working environment?
35. Very Bad
36. Bad
37. Neutral
38. Good
39. Very good
40. How do you rate the neatness of your office?
41. Very Bad
42. Bad
43. Neutral
44. Good
45. Very good
46. How do you rate the quality of your office equipment?
47. Very Bad
48. Bad
49. Neutral
50. Good
51. Very good
52. How do you rate the lighting conditions of your office?
53. Very Bad
54. Bad
55. Neutral
56. Good
57. Very good
58. How do you rate the air condition of your office?
59. Very Bad
60. Bad
61. Neutral
62. Good
63. Very good
64. Is there any conflict among employees in your department?
65. Yes
66. No
67. Do you think there is fair motivation and encouragement for your good work?
68. Yes
69. No
70. Do you think there is culture of giving recognition for your good work?
71. Yes
72. No
73. Have you ever had unnecessary argument with your supervisor/head?
74. Yes
75. No
76. Have you ever feel discomfort due to your supervisor/head?
77. Yes
78. No
79. Do you think your supervisor/head is nice to you?
80. Yes
81. No

**PART Three**: Open ended questions

Instruction: read the questions and write your own suggestions for the following questions.

1. State the reasons that can make you stay in this university.

(a)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(c) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(d)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. State factors that can make you quit your current job?

a) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

c) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

d) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_