



THE EFFECT OF STAFF RETENTION POLICIES ON
EMPLOYEES ORGANIZATIONAL COMMITMENT: THE
CASE OF AWASH BANK BRANCHES IN
HAWASSA CITY.

MBA THESIS

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February, 2024
Hawassa, Ethiopia

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ADVISORS' APPROVAL SHEET

This is to certify that the research entitled “The Effect of Staff Retention Policies On Employees Organizational Commitment: The Case of Awash Bank Branches in Hawassa City, submitted in partial fulfillment of the requirements for the degree of MBA in Human Resource Management, the graduate program of the department of management, and being carried out by Belaynesh Hansaro ID.No. MKMW 008/14, under our supervision. Therefore, we recommend that the student has fulfilled the requirements and hence, hereby can submit the thesis to the department of management.

Name of principal Advisor

Signature

Date

Name of Co-Advisor

Signature

Date

Declaration

I, the undersigned, declare that this thesis entitled “The Effect of Staff Retention Policies on Employees Organizational Commitment: The Case of Awash Bank Branches in Hawassa City ' is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. To the best of my knowledge, this study has not been submitted for any degree in this college or any other College/University.

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Llists of Abbreviations and Acronyms

ANOAV	Analysis Of Variance
SPSS	statistical Packages for social science
HR	Human Resource management
VIF	Variance Inflation factor
AWB	Awash Bank
OC	Organizational Commitment
RP	Retention policy
OCB	Organizational citizenship Behavior
PCA	Principal Component Analysis

Abstract

This research was conducted to examine the effect of staff retention policies on organizational commitment in the case of awash bank (AWIB) Branches in Hawassa City using drivers of organizational commitment as an indicator. Data was gathered from all branches (in Hawassa City. Descriptive and inferential statistics was used to analyze the empirical data and also cluster sampling was used followed by systematic sampling to select the samples. Primary data were collected using five Point Likert-Scale questionnaires and a structured interview and 150 questionnaires were properly filled and returned. Statistical package for social science studies (SPSS) version 25 was used to analyze empirical data collected through the close ended questionnaire. The independent variables are compensation, job security, Training and development, working conditions, supervisor support culture, and organizational justice whereas the dependent variable is employees' organizational commitment. The mean and standard deviation of the dependent and independent variables were computed and interpreted. Pearson correlation Coefficient (r) was used to determine the relationship between each independent variable with the dependent variable. The correlation result indicated that there were positive relationship between all of independent variables and the dependent variable. This implies that any increase or decrease on the independent variable will bring corresponding change on employees' organizational commitment. It's found that the independent variables has a 73% influence on the dependent variable while the remaining 27% is influenced by factors unaccounted in this research. It was concluded that the organization's management expectation to increase overall employees' commitment as a result of the said staff retention policies did not materialize for various reasons such as lengthy and bureaucratic process, various eligibility criterion... etc.

Keywords: *Compensation, Job security, Training and Development, Working Conditions, Supervisor support culture, Organizational Justice, Employees' Organizational Commitment*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The turnover of key employees can have a disproportionate impact on a business and the people organizations wish to retain are often the ones most likely to leave. Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer. There is no such thing as a job for life and today's workers have few qualms about leaving employers for greener pastures.' Concerted action is required to retain talented people but there are limits to what any organization can do. It is also necessary to encourage the greatest contribution from existing talent and to value them accordingly (Armstrong, 2009).

This study tried to examine the effect of staff retention policies on overall organization commitment. Hence, the very nature of staff retention revolves around the interest of employees and managing those employee interests for the benefit of the company so long as it remains within the delicate framework of what's morally right and what's legally acceptable. In our case company, even though there are various staff retention programs, its practicability and accessibility for employees is under question mark: which initiated this study to analyze the level of employees' commitment as an outcome.

According to Armstrong (2009), a retention strategy takes into account the retention issues the organization is facing and sets out ways in which these issues can be dealt with. Accepting the reality, that the market, not the company will ultimately determine the movement of employees. It may be difficult to counter the pull of the market; 'you can't shield your people from attractive opportunities and aggressive recruiters'. He suggests that: 'the old goal of HR management, to minimize overall employee turnover, needs to be replaced by a new goal: to influence who leaves and when.

Organizational commitment is a behavior that benefits the organization but is not required as part of the job description and is therefore discretionary ((Mike, 2017).

By discretionary, it is meant that the behavior is not an enforceable requirement of the role or the job description, that is, the clearly specifiable terms of the person's employment contract with the organization; the behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable.

According to Armstrong (2007), an organizational commitment strategy will cover what needs to be done to: communicate the values and aims of management and the achievements of the organization, so that employees are more likely to identify with it as one they are proud to work for, demonstrate to employees that management is committed to them by recognizing their contribution as stakeholders and by striving to maximize job security, develop a climate of trust by ensuring that management is honest with people, treats them fairly, justly and consistently, keeps its word and shows willingness to listen to the comments and suggestions made by employees during processes of consultation and participation, create a positive psychological contract by treating people as stakeholders, relying on consensus and cooperation rather than control and coercion and focusing on the provision of opportunities for learning, development and career progression, establish performance management processes that provide for the alignment of organizational and individual objectives, help to increase employee identification with the organization through rewards related to organizational performance (profit sharing or gain sharing) or employee share ownership schemes, overall, establish and maintain a working environment that makes the organization an 'employer of choice' because it is 'a great place to work'.

By retaining employees, organizations can be successful and highly productive (Abraham, 2015). Therefore, in order to sustain the competitive advantage, employees should be able to show total commitment to the performance standards that are required. The prime challenge of most organizations including the banking sector is retention of the employees, as the behavior of employees has been changed time to time and these young employees always are ready to switch over whenever he or she dissatisfy with any reason in the job (Mike, 2017). They are not the ones who have only one opportunity to survive but they have many offers at hand at one point of time. It is more than just keeping the employees on the job. It is the main responsibility of the employer to keep the best employees in the banks. Employee retention is an effective means or a way to maintain a workforce in banks

which is both stable and sustainable (Roberta, 2012).

According to Mike (2017), there are certain reasons for the employees to leave an organization. Expectations play an essential role to determine whether an employee is satisfied or dissatisfied with the current job. The stronger relationship the manager and employees have with each other tends to make the employees to stay with that particular organization for a longer period of time. A stable and well-functioning banking system is critical for economic growth and development and this makes the relationship between bank performance and development crucial. This relationship makes policy makers to take thoughtful actions towards developing and reforming the financial sectors (Abraham, 2015).

Though banks are important for economic development, they are facing staff turnover like other some organizations. Employee turnover is one of the most serious and critical problems in the globe that every organization has been facing. If there is a high rate of employees turn over in an organization, it will be difficult to achieve ones intended objectives (Mike, 2017). As employees" turnover has negative consequences on organizations effectiveness and efficiency, managers should implement appropriate retention policies and strategies so that they can retain their workforce diversity.

Currently, the number of commercial banks is increasing at high level from year to year in Ethiopia. And there is a possibility of high brain drain among the employees of the banks.

Thus, this study intends to investigate the effect of retention policies on employees' commitment for their organization with special reference to Awash bank Branches operating in Hawassa City.

1.2. Statement of the problem

The need for committing employees to an organization is very crucial and to do so companies use various employee retention programs to increase their belongingness. According to Johnny et al (2009), there are five distinct approaches to retaining employees: (1) make retaining employees a priority, (2) adopt a clear approach to hiring for the long term, (3) create an employee-centered culture to hold on to employees, (4) become a cutting-edge company in retention (just as you are in product development) to provide your competitive edge, and (5) master the secrets to getting employees to fall in love with the company.

In today's highly competitive business environment, the dynamics of talent have become a key factor in an attempt to achieve competitive advantage. Organizations must not only attract the right candidates but also ensure their retention strategies in order for employees make a difference in the realization of the organizational goals and stay long (Roberta, 2012).

According to Maureen (2015), the strategies that an organization employs to retain its staff has a great impact on an employee's performance. As Maureen stated, employees need to be valued and appreciated, be given feedback, provided with opportunities, be given work-life balance options, and have trust and confidence.

Yego (2012) argues that most commercial banks use promotions as a retention strategy and those promotions positively influence employees' productivity. Yego also stated that availability of training opportunities and development largely determines the extent to which employees stay in an organization. Staff training has a vital role in controlling employees' turnover. If there is continuous staff training and development in an organization, there is a low rate of turnover.

According to Kabera (2013), employees' motivation, favorable working conditions and individual security are some of the factors that influence staff retention in private security firms. The findings of this study have showed that addressing employees' welfare related issues such as medical care provision tended to make employees loyal to an employer.

The most challenging problem in all organizations, especially in the business world is employees' turnover. Though it is not something new in business organizations, different

studies reveal that it has not been actively discussed or even understood by employers especially in developing countries like Ethiopia (Abraham, 2015). Researchers have undertaken a lot of studies in this area of study, yet the dynamic business environment continues to make employee retention and turnover a more complicated issue.

A study conducted by Earle (2014), mentions that organizations should provide a good environment where people enjoy being, where they feel energized and valued and they will definitely want to stay and that negative associations are often reinforced when employees feel like they are always dragging themselves to an unpleasant environment on a daily basis.

According to Abraham (2015), there are two factors that organizations need to understand; namely, the pull and push factors. As he stated, perception of limited opportunities, lack of senior role models, excessive workload, non-competitive rewards and recognitions, lack of respect for personal life and desires are the pushing factors. Whereas, a job offers with much greater compensation (such as salary package), more decision making power, and family care are the pulling factors (Hassan (2014).

A number of studies on this topic were conducted by different researchers and most of the studies are focused on the compensation strategies of different private and governmental organizations. However, this study is mostly focused on the flexible work environment strategies and career development strategies including employees' organizational commitment on the private banking sectors in Ethiopia, evidence from the Awash Bank.

In the case of this study, AWB, there are various monetary and non-monetary employee retention programs such as succession plan, training and development opportunities, compensation and reward systems, carrier development opportunities, medical benefits, emergency staff loan, personal loan, housing loan, automobile loan...etc. However, often times, these retention programs and policies tend to become a bone of contention in more ways than one instead of becoming a reason to revitalize employees' commitment to the company. It is assumed that employees have not yet fully benefited from such policies for various reasons ranging from barriers for immediate eligibility to lengthy and bureaucratic processes with less or no emphasis on the employees prevailing circumstances'.

1.3. Research Questions

1. How does the perception of the employees towards the employee retention policy look like? In Awash Bank
2. What is the relationship between retention strategies and employees' organizational commitment?
3. To what extent do retention policies or strategies being implemented by the Bank affect the level of the employees' organizational commitment in the Bank?

1.4. Objectives of the study

This research was conducted on the basis of the following general and specific objectives.

1.4.1. General objectives

The general objective of this study is to analyze the effects of employees' retention policies on employees' organizational commitment, in the case of Awash Bank, Hawassa City Branches.

1.4.2. Specific objectives

The study specifically attempted to achieve the following Specific Objectives.

1. To investigate the perception of employees on retention strategies and employees' organizational commitment of the Bank
2. To assess the relationship between retention strategies and employees' organizational commitment.
3. To examine the effects of retention strategies by the Bank on its employees' organizational commitment.

1.5. Research Hypotheses

H01: Compensation has no effect on employees' organizational commitment

H02: Job Security has no effect on employees' organizational commitment

H03: Training and Development has no effect on organizational commitment

H04: Supervisor Support Culture has no effect on organizational commitment

H05: Work Environment has no effect on organizational commitment

H06: Organizational Justice has no effect on organizational commitment

1.6. Significance of the study

This study tried to investigate the existing employee retention programs and their effect on employees' organizational commitment in the case company. In the same fashion, it has also tried to assess the gap between the management's perceived and the actual result as an outcome of the said programs. Accordingly, the study would be able to paint a clear picture of the actual effect of those retention programs on organizational commitment. In a practicability perspective, the study would provide an insight in figuring out ways how to fully utilize the retention programs so that both the individual level and organization level objectives can be meet easily. It also might insight other interested researchers to take the case and conduct an extensive research so as to develop a tailored employee retention programs that would best work with the socio-economic makeup of the environment.

1.7. Scope of the study

The study is delimited to investigate the effect of retention policies on employees' organizational commitment in the case of Awash bank branches in Hawassa City. Hence, the geographical dispersion of the respondents, the student researcher has focused on the said bank's retention programs and its effect on its employees' organizational commitment. The research has been delimited to apply both descriptive and inferential statistical methods and survey type of research employed. Regarding the time scope, the study has been completed within the time frame of March 2023 up to February 2024.

1.8. Limitation of The study

The researcher faced the following challenges while conducting the study as financial problem, time constraint, and unwillingness of some respondents to give accurate information and technological problems such as lack of SPSS knowledge.

1.9. Operational definitions

Employee Retention: An organization's ability to keep employees who are valued contributors to organizational success for as long as is mutually beneficial

Employee Retention Strategy: A retention strategy takes into account the retention issues the organization is facing and sets out ways in which these issues can be dealt with (Armstrong, 2009)

Training and development: According to DeCenzo and Robins (2010), training and development are described as here under:

Compensation: This includes fixed pay (base pay) and variable pay (pay at risk). It also includes several forms of variable pay including short-term incentive pay and long-term incentive pay (World at Work, 2007).

Job security: is the probability that an individual will keep their job; a job with a high level of security is such that a person with the job would have a small chance of losing it. Many factors threaten job security: globalization, outsourcing, downsizing, recession, and new technology, to name a few (Armstrong, 2009).

Working environment: Are the setting, social features and physical conditions in which you perform your job. These elements can impact feelings of well-being, workplace relationships, collaboration, and efficiency and employee health.

Organizational Justice: Workers' acceptance or perception of interactions, procedures, and outcomes at work to achieve fairness in their environment ((Mohamed, 2014).

1.9. Organization of the Thesis

This research paper is divided in to five chapters. Chapter one deals with the research background, statement of the problem, basic research questions, objectives of the study, hypothesis of the study, definition of used terms, significance of the study, research design and methodology, and scope of the study. Chapter two deals with detailed literature review related to the employee retention mechanisms and organizational commitment. Chapter three deals with methodology of the study and analysis of the collected data. Chapter four deals with the results of the analyzed data in chapter three and discussions are carried out accordingly. And finally, in Chapter five the conclusion and recommendation is presented.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Review

This chapter presents theoretical review, concepts and definitions, empirical review and conceptual frameworks of the study. This section discusses the theoretical review and empirical evidences on Employees the organization to revitalize employees' commitment as a result of the staff retention programs are identified for this study based on the relevance and importance of the practices to service industry. Finally, hypothesis of the study is presented and conceptual frame work is drawn from literature review.

2.1.1. Definition of employee retention

According to an article written by Kotze (2005), Veldsman proposed a model to explain the relationship of various factors that affect the propensity of an employee to stay or leave an organization. According to the figure depicted here under, an individual in the first instance has certain views regarding his/her organization as an Employer of Choice (EoC) which affects his/her decision to join and stay with the company. The propensity to stay or to leave is further affected by Organizational climate and culture, Job Satisfaction, and Employee Well-being. Organizational Climate and culture reflects how the individual engages with the macro work setting. Job Satisfaction indicates the micro (or immediate) work setting engagement of the employee. Employee Wellbeing is situated between Organizational Climate and Job Satisfaction. This positioning indicates the positive and/or negative responses of the employee to his/her total work setting, i.e. the macro and micro work settings, which is reflective of his/h

2.1.2. Factors that affect the retention of employees:

The factors that affect retention of employees have to be managed and must therefore be identified. Such factors are clustered into three categories factors pertaining to organizational climate and culture, factors pertaining to job satisfaction, and factors pertaining to employee well-being as discussed hereunder. Organizational climate is defined as an enduring characteristic of an organization which embodies the members' collective perceptions about their

organization with respect to dimensions such as trust, cohesiveness, support, recognition, innovation and fairness. It also reflects the prevalent norms, values and attitudes and the organization's culture (Moran & Volkwein, 1992, p. 20). The following studies have linked retention to organizational climate:

Employees are more likely to leave if they perceive a lack of clear direction on the part of management. An international survey spanning 50 countries and 330 companies revealed that 74% of dissatisfied employees feel that their company has no clear sense of direction, compared to 43% of satisfied employees. It would appear that companies are less adept at marketing themselves to their employees than they are at selling the company to other stakeholders (Hay, 2002).

Level of control over work environment: Lok and Crawford (1999) found a significant positive correlation between commitment and the level of control over the work environment. Control in this context refers to the employee's freedom or ability to influence or manipulate the work environment.

Lok and Crawford (1999) also found a significant positive correlation between commitment and innovative and supportive subcultures. In this context, an organizational subculture refers to the culture in a section, team or department, which is often different to the greater organizational culture. In the same study, a negative correlation was found between commitment and a bureaucratic subculture. The Markinor (2003) study also pointed out that commitment levels to a team or department are stronger than to the company, strengthening the argument that "employees quit a boss, not a company".

Employees' reaction to "the war-for-talent mindset": Demby (2002) reported that many top-performing companies are obsessed with talent and are endlessly recruiting and dismissing as many top performers as they can. Many companies believe that bringing in people from outside the company is necessary for high performance. An unintended negative consequence of this mindset was that newly recruited people, supposedly with the sought-after talent, were viewed as being superior to existing staff in the company. As a result, the "institutional type of

employee” (the loyal career type who wants to stay in the company) started to believe that the only way to get ahead was to leave to move from company to company. In this sense, “being loyal” became negative. Job satisfaction is a result of employees’ perceptions of how well their jobs provide in those qualities that they perceive as important (Luthans, 1998, p. 44). A strong correlation, and in fact a causal relationship between job satisfaction, employee commitment and retention, has been established in several studies to date, as reported by Roland et al (1996). The following specific factors pertain to job satisfaction and its relationship to retention:

Udo and Tor-Guimaraes (1997) found that significant indirect influences on the intention to stay were job satisfaction, job involvement, task characteristics and role stressors.

The second-highest factor contributing to high turnover according to Hay’s international study (2002) is that employees are “unhappy with their boss”. In fact, 74% of those who planned to stay were happy with their managers, compared to 41% of those planning to leave.

In a landmark study by the Gallup Organization that includes interviews with 1 million employees and 80 000 managers, it emerged that people leave managers, not companies. This suggests that if a turnover problem exists, first look at the organization’s managers (Taylor, 2002).

Leadership and managerial strategy: The link between leadership and commitment is evident in the work of Brewer (1993). Here, employees’ commitment was examined in relation to the level of consent to, and conflict with, managerial strategy. In Brewer’s model of commitment, although managerial strategy is not the same as leadership, the attributes and skills required in leadership could be seen as an essential part of managerial strategy. In the research of Lok and Crawford (1999), a consideration leadership style was found to have a greater influence on commitment and job satisfaction than a task orientated leadership style.

Satisfaction of higher-order needs: The study of Lok and Crawford (1999) confirmed the strong positive correlation between commitment and higher-order needs, or intrinsic factors as per Maslow's Hierarchy of Needs Theory and Herzberg's Theory of Motivation. Examples of higher-order needs as per Lok and Crawford's study (1999) referred to the level of control over the working environment, the amount of interaction, acceptance by co-workers, the level of professionalism, praise received from colleagues and leader as well as feedback.

Asymmetric information: Sigler (1999) stated that insufficient information on and communication about the employee's performance may complicate the employer's endeavor to retain productive employees. Without adequate information, an employer may not be able to distinguish between productive and non-productive employees. Employees often take credit for successes and deflect failures to other employees. Also, poor communication can lead to a situation where the manager does not know what information to ask the employee and the employee does not know what to provide. Therefore, productive workers cannot distinguish themselves from non-productive workers and are not rewarded accordingly.

2.1.3 Retention strategy:

According to Armstrong (2006), a retention strategy takes into account the particular retention issues the organization is facing and sets out ways in which these issues can be dealt with. This may mean accepting the reality, as mentioned by Cappelli (2000), that the market, not the company will ultimately determine the movement of employees. Cappelli believes that it may be difficult to counter the pull of the market 'you can't shield your people from attractive opportunities and aggressive recruiters', and suggests that: 'The old goal of HR management, to minimize overall employee turnover, needs to be replaced by a new goal: to influence who leaves and when.' This, as proposed by Bevan et al (1997), could be based on risk analysis to quantify the seriousness of losing key people, or of key posts becoming vacant

2.1.4. Risk analysis:

Risk analysis can be carried out initially by identifying potential risk areas, the key people who may leave and, for each of them as individuals or groups, estimating: the likelihood of this occurring, how serious the effects of a loss would be on the business, the ease with which a replacement could be made and the replacement costs. (Demby(2002))

Each of the estimates could be expressed on a scale, say: very high, high, medium, low, very low. An overview of the ratings under each heading could then indicate where action may need to be taken to retain key people or groups of people.

2.1.5 Analysis of reasons for leaving:

Risk analysis provides specific information on areas for concern. More generally, some indication of the reasons for leaving and therefore where action needs to be taken may be provided by exit interviews, but they are fallible. More reliance can be placed on the results of attitude or opinion surveys to identify any areas of dissatisfaction. The retention plan should propose actions that would focus on each of the areas in which lack of commitment and dissatisfaction can arise. Cappelli(2000)

2.1. 6. Areas for action:

Depending on the outcome of the risk analysis and the overall assessment of reasons for leaving, the possible actions that can be taken are as follows: Deal with uncompetitive, inequitable or unfair pay systems. But as Cappelli (2000) points out, there is a limit to the extent to which people can be bribed to stay. Remember that while money might attract, you can't buy love. It is often other things that get people to stay (how they are treated).

Design jobs to maximize skill variety, task significance, autonomy, control over their work and feedback, and ensure that they provide opportunities for learning

and growth. Some roles can be ‘customized’ to meet the needs of particular individuals. Develop commitment to the work (job engagement) not only through job design but also by organizing work around projects with which people can identify more readily than the company as a whole.

Encourage the development of social ties within the company. In the words of Cappelli (2000), ‘loyalty to companies may be disappearing but loyalty to colleagues is not’. Ensure that selection and promotion procedures match the capacities of individuals to the demands of the work they have to do. Rapid turnover can result simply from poor selection or promotion decisions. Reduce the losses of people who cannot adjust to their new job – the ‘induction crisis’ – by giving them proper training and support when they join the organization.

Take steps to improve work-life balance by developing policies including flexible working that recognize the needs of employees outside work. Eliminate as far as possible unpleasant working conditions or the imposition of too much stress on employees select, brief and train managers and team leaders so that they appreciate the positive contribution they can make to improving retention by the ways in which they lead their teams. Bear in mind that people often leave their managers rather than their organization.

2.2. Employees Organizational Commitment:

In addition to feelings of satisfaction or dissatisfaction, employees may develop feelings of attachment or commitment toward the organization in which they are employed. As with satisfaction or dissatisfaction, a strong case can be made that the tendency to develop attachment or commitment ties extends far beyond the workplace. For example, people commit to each other through marriage and other forms of kinship. Many people also faithfully commit themselves to activities such as exercising, institutions such as churches, and political ideologies such as democracy. Given these vast numbers of commitments, it is not surprising that employees also develop feelings of commitment and attachment toward the organizations in which they work (Jex, 2002). According to Armstrong (2009), Commitment refers to attachment and loyalty. I

associated with the feelings of individuals about their organization. As defined by Porter et al (2000), commitment is the relative strength of the individual's identification with, and involvement in, a particular organization. The three characteristics of commitment identified by Mowday et al (2005) are: a strong desire to remain a member of the organization, a strong belief in and acceptance of the values and goals of the organization, a readiness to exert considerable effort on behalf of the organization.

An alternative, although closely related, definition of commitment emphasizes the importance of behavior in creating commitment. As Salancik (2007) put it: 'Commitment is a state of being in which an individual becomes bound by his actions to beliefs that sustain his activities and his own involvement.' Three features of behavior are important in binding individuals to their acts: the visibility of the acts, the extent to which the outcomes are irrevocable, and the degree to which the person undertakes the action voluntarily. Commitment, according to Salancik, can be increased and harnessed 'to obtain support for organizational ends and interests' through such ploys as participation in decisions about actions

2.2.1. Developing a commitment strategy

According to Armstrong (2009), a commitment strategy will be based on the high-commitment model. It will aim to develop commitment using, as appropriate, approaches such as those described below. When formulating the strategy, account should be taken of the reservations and too much should not be expected from it. The aim will be to increase identification with the organization, develop feelings of loyalty amongst its employees, provide a context within which motivation and therefore performance will increase, reduce employee turnover, and increase job satisfaction. But too much should not be expected from campaigns to increase commitment the level of which is influenced by many factors that cannot always be manipulated as the organization would wish. It is naïve to believe that 'hearts and minds' campaigns to win commitment will transform organizational behavior overnight. ABR (2002)

Steps to create commitment will be concerned with both strategic goals and values. They may include initiatives to increase involvement and 'ownership',

communication, leadership development, developing a sense of excitement in the job, and developing various HR policy and practice initiative

2.2.2. Developing ownership

Commitment, a sense of belonging, is enhanced if there is a feeling of ‘ownership’ among employees: not just in the literal sense of owning shares (although this can help) but in the sense of believing they are genuinely accepted by management as key stakeholders in the organization. This concept of ‘ownership’ extends to participating in decisions on new developments and changes in working practices that affect the individuals concerned. They should take part in making those decisions and feel that their ideas have been listened to and that they have contributed to the organization.

2.2.3 .Communication programs

It may seem to be strikingly obvious that commitment will only be gained if people understand what they are expected to commit to. But management too often fail to pay sufficient attention to delivering the message in terms that recognize that the frame of reference for those who receive it is likely to be quite different from their own. Management’s expectations will not necessarily coincide with those of employees. Pluralism prevails. And in delivering the message, the use of different and complementary channels of communication such as newsletters, briefing groups, videos, notice boards, etc is often neglected.

2.2.4. Leadership Development

Commitment is enhanced if managers can gain the confidence and respect of their teams, and development programs to improve the quality of leadership should form an important part of any strategy for increasing commitment. Management training can also be focused on increasing the competence of managers in specific areas of their responsibility for gaining commitment, e.g. performance management.

2.2.6. Developing HR practices that enhance commitment

The policies and practices that may contribute to the increase of commitment are learning and development, career planning, performance management, reward management, work–life balance policies and job design. Engagement strategies will create feelings of excitement in the job and therefore commitment.

2.3. The contribution of HR to Developing commitment

The HR function can play a major part in developing a high-commitment organization. The 10 steps it can take are: advice on methods of communicating the values and aims of management and the achievements of the organization so that employees are more likely to identify with it as one they are proud to work for, emphasize to management that commitment is a two-way process; employees cannot be expected to be committed to the organization unless management demonstrates that it is committed to them and recognizes their contribution as stakeholders, impress on management the need to develop a climate of trust by being honest with people, treating them fairly, justly and consistently, keeping its word, and showing willingness to listen to the comments and suggestions made by employees during processes of consultation and participation, develop a positive psychological contract by treating people as stakeholders, relying on consensus and cooperation rather than control and coercion, and focusing on the provision of opportunities for learning, development and career progression.

Martin J.(2010)

advise and assist on the establishment of partnership agreements with trade unions that emphasize unity of purpose, common approaches to working together and the importance of giving employees a voice in matters that concern them, recommend and take part in the achievement of single status for all employees (often included in a partnership agreement) so that there is no longer an 'us and them' culture, encourage management to declare a policy of employment security and ensure that steps are taken to avoid involuntary redundancies, develop performance management processes that provide for the alignment of organizational and individual objectives, advise on means of increasing employee identification with the company through rewards related to organizational performance (profit sharing or gain sharing) or employee share ownership schemes enhance employee engagement, ie identification of employees with the job they are doing, through job design processes that aim to create higher levels of job satisfaction (job enrichment)

Meyer and Allen (2000) further refined the definition of organizational commitment by pointing out that there can be multiple bases of commitment, that is, employees may be committed for different reasons, and these reasons constitute unique forms of commitment. They proposed a three-component model of commitment consisting of affective, continuance, and normative commitment (Jex, 2002).

Affective commitment reflects the extent to which employees identify with the organization and feel a genuine sense of loyalty toward it. In contrast,

Continuance commitment is based on employees' perceptions of the relative investments they have made in the organization, and the relative costs associated with seeking membership in another organization.

Normative commitment is based on an employee's feeling of obligation to the

organization, wherein remaining a member is the morally right thing to do.

In addition to having multiple bases, employee commitment may be focused at different levels within the organization and may even be directed to outside groups. For example, an employee may feel a sense of commitment toward his or her organization as a whole, the primary work group to which he or she belongs, and perhaps the leader of this group. Many employees in organizations also feel a sense of commitment toward the profession to which they belong. For example, physicians who work for Health Maintenance Organizations (HMOs) are likely to have some level of commitment to their employing organization, but are committed to the medical profession as well.

Given that commitment has multiple bases and foci, this suggests that there are a number of distinct forms of commitment. Meyer and Allen (1997) illustrate this in a matrix in which the three bases of commitment (affective, continuance, and normative) are crossed with six distinct foci. An employee may have feelings of affective, continuance, or normative commitment toward any number of foci within the organizational environment. This reflects the fact that, for employees in most organizations, commitment is a multidimensional, complex construct. Thus, if one were to come up to an employee and ask, "How committed are you?" the employee would most likely have a multipart answer.

2.4. Development of Organizational Commitment

According to Jex (2002), most researchers have approached this issue by examining the development of each of the three bases of commitment proposed by Meyer and Allen (1991). If one considers affective commitment, a logical supposition might be that employees will tend to develop this type of commitment if they perceive that the organization is being supportive and/or treating them in a fair manner. In fact, research has shown that affective commitment is positively related to variables such as perceived organizational support (POS) and procedural justice. POS simply represents the extent to which the organization is

seen as helpful to the employee; in effect, it is “on the employee’s side”.

Another factor that may impact the development of affective commitment is whether the organization is seen as a source of rewarding outcomes. Research has shown, for example, that a positive relationship exists between affective commitment and variables such as job scope, participative decision making, job autonomy, and perceived competence (Meyer & Allen, 2002). One way to interpret such findings is based on a belief that employees develop feelings of affective commitment if they see the organization as a place where they feel they are important and competent.

Another way some researchers have sought to explain affective commitment is through behavioral commitment and retrospective sense making. Put differently, one might say that employees develop feelings of affective commitment as a retrospective mechanism to justify their tenure in the organization and the level of effort they have expended on its behalf. In general, retrospective explanations of affective commitment have met with very limited support. However, as Meyer and Allen (1997) point out, this mechanism is quite subtle and thus may be very difficult to test empirically.

Compared to affective commitment, explaining the development of continuance commitment is much more straightforward. Most explanations of continuance commitment rely on Becker’s (1990) notion of “side bets” as a mechanism committing one to a course of action. If, for example, a person has wagered a bet that he or she would lose 20 pounds over the next six months, this would commit the person to that course of action. When this concept is applied to the workplace, we can see very clearly that, over time, employees accumulate a number of “side bets” that commit them to their current employer. For example, the accrual of seniority means that employees may be entitled to special benefits or privileges. If the employee were to leave and work for another employer, such benefits would be forfeited. Also, many employees develop numerous social relationships with their coworkers, and these bonds help to facilitate feelings of belonging and

comfort. These feelings would be forfeited in a switch to another employer.

Another proposed determinant of continuance commitment is the extent to which employees *perceive* other viable alternatives to the present employer. The word “perceive” is italicized because it really doesn’t matter whether actual alternatives exist; the important thing is an employee’s perceptions. Perceptions of alternatives may be impacted by things in the environment, such as the unemployment rate, but may also be affected by other, more subjective factors. For example, an employee’s perception of his or her overall competence, level of training, and mobility will all enter into the perception of alternatives. As one might guess, continuance commitment will tend to be higher among employees who perceive few alternatives to the present employer.

Compared to affective and continuance forms of commitment, much less is known about the development of normative commitment. According to Meyer and Allen (2017), personal characteristics and the nature of an employee’s transactions with the organization may impact the development of normative commitment. At a personal level, individuals may differ in terms of whether their early socialization emphasized the development of strong loyalty and a sense of moral obligation to their employer. They also point out that the organization may attempt to instill in employees, during the initial socialization process, a strong sense of moral obligation to the organization.

Perhaps the most powerful determinant of normative commitment is ultimately the manner in which an organization treats its employees. When employees enter an organization, an implicit agreement, or a psychological contract, exists between them and the organization (e.g., Schein, 2011). A psychological contract essentially represents an employee’s perceptions of what he or she feels is reasonable treatment as a member of the organization. One would assume that normative commitment is highest when an employee perceives the organization as honoring its end of the psychological contract. More research, however, is needed before more conclusions can be drawn about the development of this form

of commitment.

2.5. Empirical Evidences

To see the relationship and the nature of both organizational citizenship behavior and organizational commitment, the student researcher has gone through various literatures and the following empirical research is believed to demonstrate that there is little difference between the two. Relationship between organizational commitment and citizenship behavior. According to an empirical research conducted by Rehan. & Islam (2013), under the title of “Relationship between organizational commitment and citizenship behavior”, the relationship between Organizational Citizenship Behavior (OCB) and Organizational Commitment (OC) has been empirically tested via their respective dimensions.

Altruism: is the willingness of an employee to help the co-worker into their work and also the selflessness of an employee towards his organization.

Conscientiousness: refers to discretionary behaviors that go beyond the basic requirements of the job in terms of obeying work rules, attendance, and job performance. In other words,

Conscientiousness means the scrupulous obedience to organizational rules and procedures, even when no one is watching.

Civic Virtue: refers to behaviors that demonstrate a responsible concern for the image and wellbeing of the organization

At a very general level, organizational commitment can be thought of as the extent to which employees are dedicated to their employing organization and are willing to work on its behalf, and the likelihood that they will maintain membership (Jex, 2012:). Accordingly, organizational commitment also has three distinct dimensions:

Affective Commitment: an affective or emotional attachment to the organization such that the strongly committed individual involves and enjoys membership in the

organization

Normative Commitment: refers to perceived obligation of the employees to remain with the organization.

Continuance Commitment: refers to commitment based on the costs that the employee associates with leaving the organization.

Organizational commitment (OC) for many years has been identified as an important factor to understand the relationships between the employee and the employer. Organizational commitment is one of the important factors which contribute to foster Organizational citizenship behavior. An employee's organizational commitment is positively related to organizational citizenship behavior. Results of previous researches show that commitment is the predictive of organizational citizenship behavior because it significantly impacts on OCB.

The present study was an attempt to find the relationship between dimensions of organizational commitment (i.e. affective, normative and continuance) and key determinants of organizational citizenship behavior (i.e. altruism, Conscientiousness and civic virtue). Some important findings of the study are that; all the dimensions of organizational commitment significantly correlate with the key determinants of organizational citizenship behavior. The employees having emotional attachment with their organizations and want to continue with the organizations, not only put their efforts to lift up the organization but also help their coworkers. Thus an organization should win the commitment of its key employees to have positive image globally.

Factors Affecting Employment Retention: Evidence from Literature Review

According to an empirical research conducted by Irshad M., under the title "*Factors Affecting Employment Retention: Evidence from Literature Review*", the researcher describes the relationship between human resource practices and employees' retention in a given organization. The research reviews relevant literature to identify elements of HR practices that influence employee retention. Over the past decade, the way in which people are managed and developed at work has come to be recognized as one of the primary factors in achieving improvement in organizational performance.

According to Irshad (2012), from literature review it is recognized that human resource management play pivotal role in employee's retention. Researcher's finds that human resource management practices in compensation & rewards, job security, training & developments, supervisor support culture, work environment and organization justice can help to reduce absenteeism, employee retention and better quality work.

The review of the literature finds HR practices are the most important and valuable means that influence employee's retention in any organization. Some of the specific findings in this regard are:

Compensation, reward and recognition play a key role in employee's motivation which leads to employee's retention in the organization. In the area of organization fit (employee personal value match), organization culture plays important role in employee retention. Family support and flex time culture is considering significant factor in employee retention. Similarly training and development was found motivating factor which leads to retention and career development was also associated with employee retention and was found important influencing factor in employee retention in the organization. Job security, also, has significant relation with employees' retention and consider as important factor in employee retention.

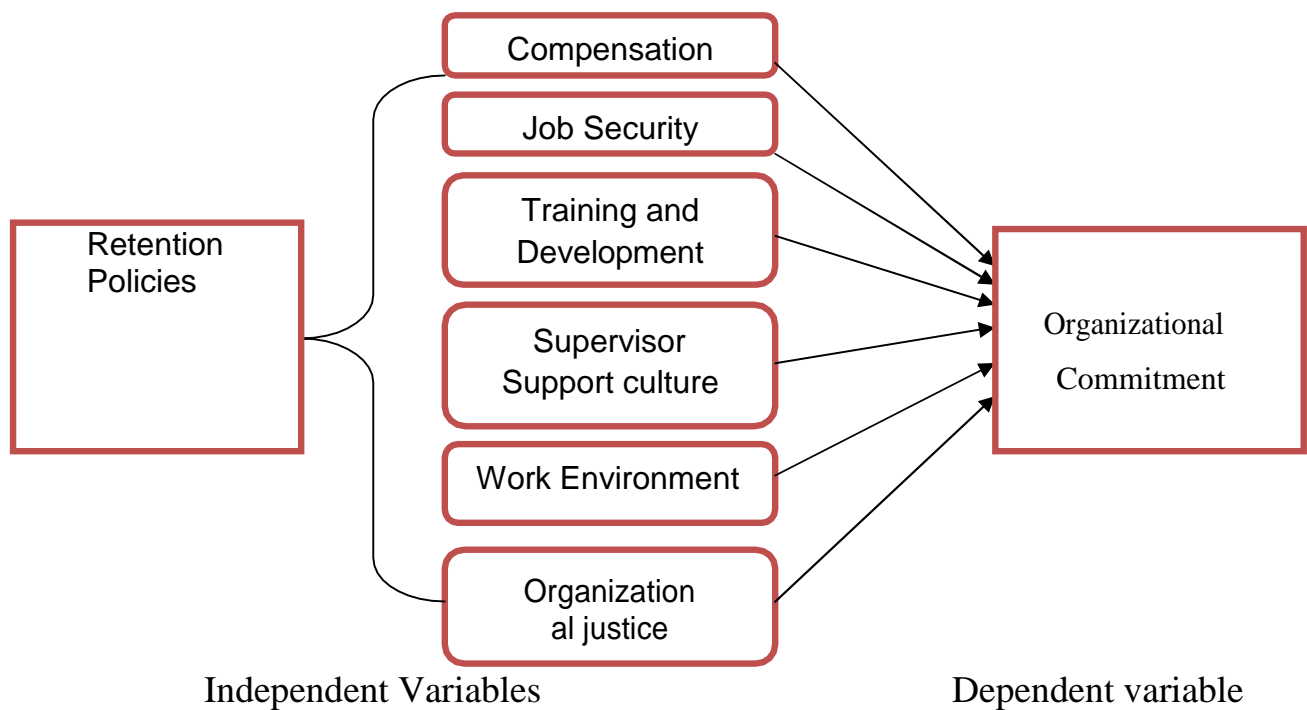
In the area of work environment found that it is key factor in employee retention, it is also found that employee leave the job due to work environment. Organizational justice (distributive justice and procedural justice) also play pivotal role in employee retention, it is reveled from study that, if organization want to retain their prowess employees, organization must fallow fairness formula.

2.6. Conceptual Framework

This conceptual framework is developed as per the above empirical research conducted by Irshad M. (2012). Accordingly, employees' retention programs are normally designed to boost the organizational commitment intent buried deep down in every employee given that all employees are assumed to have something to bring to the table as long as their tenure in the organization continues. Hence, by introducing meaningful and current retention programs, the company will benefit from the continued and unwavering service of its

employees that are committed not only to get to the office in time and leave late, but be engaged to contribute something that will become meaningful and worth a while to the company. The overall conceptual frame work for this particular research revolves around the effect of the independent variables on the dependent variable in the case of our subject company. Factors that affect employees’ retention programs such as HRM practices in compensation & rewards, job security, training & developments, supervisor support culture, work environment, and organization justice are assumed to be independent variables whereas employees’ organizational commitment in its affective, continuance, and normative forms is the dependent variable as depicted hereunder.

Figure 2.1. Conceptual Framework



Source; - Developed by researcher, 2023

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research methodology focuses on description of the study area, research design, research approach, data sources, target population, sampling size and technique, data collection instruments, reliability and validity of data gathering instruments, method of data analysis, and ethical consideration.

3.2 Description of study area

Hawassa city is located in the Sidama National Region on the shores of Lake Hawassa in the Great Rift Valley; 273 km south of Addis Ababa via Debre Zeit and 1,125 km north of Nairobi. The city lays on the Trans-African High Way-4 an international road that starched from Cairo (Egypt) to Cape Town (S.Africa).Geographically the City lays between 703' latitude north and 380 28'longitudes east. Hawassa city is bounded by Lake Hawassa in the West, Oromia Region in the North, Wendogenet woreda in the East and Shebedino woreda in the south. Awsh international bank

3.3. Research Design

Research design is blue print for empirical research aimed at answering specific research question or testing specific hypotheses (Bhattacharjee, 2012). According to Kothari (2014) descriptive research describes and interprets what the information is as it is. It looks at individuals, groups, institutions, methods and material in order to describe, compare, contrast, classify analyze and interpret the entity and events that constitute varies field of inquiry. It aims to describe the estate of affairs as it exists. Whereas explanatory research aiming at establishing the cause and effect relationship between variable. As Orodho (2009) states that descriptive research design is important in carrying out preliminary studies as it permits researchers in collecting information, summarizing and interpreting with the view of clarifying the information. According to Neuman, (2014) explanatory

research helps to explain, understand and predict the cause and effect relationship between the variables. This study employed a combination of both descriptive and explanatory research design. Since the nature of the research is a cause and effect relationship explanatory research design is the most appropriate design to examine briefly the effect of staff retention policies on organizational commitment in the study area. In addition to this, in order to describe background information of respondents and practice of staff retention policies in the study area the study used descriptive research design.

3.4. Research Approach

The researcher employed both quantitative and qualitative approaches in the study. Quantitative research is based on measurement of quantity or amount it is applicable to that can be expressed in terms of quantity, whereas qualitative method produces narrative or textual descriptions of the phenomena under study. Therefore, throughout this study the researcher would use quantitative method to compute and interpret numerical information and qualitative methods to narrate and explain the information obtained from qualitative data. This is because employing the mixed approach helps to cover or confirm findings from different data sources (Catherine, 2002). Hence, the researcher motive for using mixed approach is that both quantitative and qualitative research which provides an in-depth look at context, processes, interactions and precise measurement of attitudes and outcomes and also a better understanding of the research problem, than just utilizing one approach alone. According to Gibson, (2017) the use of both qualitative and quantitative approach is deemed to eliminate the weakness of one approach by being complimented by another approach.

3.5 Data Sources

In order to present a broad range of information, both primary and secondary data were used.

3.5.1 Primary data sources

The primary data sources of the study were the employees and management members of the bank.

3.5.2 Secondary data sources

Secondary data were sourced from journals, books, and reports of the company which is related to study variables.

3.6. Target population of the study

Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Kothari & Garg, 2018). The target population of the study is mainly all permanent workers of Awash Bank of Hawassa city. This included employees and managers. According Bank quarter (2023) report it has 246 permanent employees.

3.7. Sampling size and sampling technique

The sample size is determined by a three based criterion, this being level of precision, the level of confidence, and finally the degree of variability in the attributes being measured (Cooper & Schindler, 2014). Since, the population of this research is known and finite, the sample size was determined based on the following simplified formula proposed by the researcher. For this research, the sampling frame was considered from the list of employees working in Awash Bank in Hawassa branches it will be determined by Kothari formula (2004).

$$n = \frac{z^2 p * q (1-p) N}{e^2 (N-1) + z^2 p * q (1-p)}$$

Where

P=proportion estimated

N=total population i.e. employees in, Awash Bank =246

n= total sample size

e= error (50%=0.05). Acceptable error

q =1-p

Z= value on standard normal distribution curve corresponding to the level of significance; (the level usually is 5 % and the corresponding Z value is 1.96)

$$\frac{1.96^2 * 0.5(1-0.5)}$$

$$(0.05)^2 * (246-1) + 1.96^2 * 0.5 * 0.5$$

$$= \frac{3.6416 * 132.5}{0.0025(245) + 3.6416 * 0.25} = 150$$

Therefore, the required sample size for this study would be 150.

As it is mentioned in Kothari (2013) stratified sampling result in more reliable and detailed information and enable to get more representative samples. Accordingly, permanent employees of the company were randomly selected from each stratum by using simple random sampling technique.

In order to select the respondents the researcher used stratified random sampling. The branches and the district were used as strata and the proportions of samples for the bank are presented below in the table. The strata sample size determined based the below mentioned equation.

$$n_h = \left(\frac{N_h}{N} \right) * n \quad (\text{Kothari, 2004}).$$

Where;

n_h is the sample size for stratum h ;

N_h the population size for stratum h ;

N is the total population size;

n is the total sample size.

Table 3.1. Sample size Determination Proportion

Bank Name (h)	Target Population	Sample Size (nh)
	Number (N)	
Hawassa Branch	27	16
Tabor Branch	27	16
Hawassa Areb sefer Branch	27	16
Hawassa Menhariya	27	16
Fura branch	16	10
Chambelala Branch	19	12
Alemura Branch	22	13

Dato Branch	9	5
Shafeta Branch	19	12
Hip Branch.	11	7
District office	42	26
Total	246	150

Kothari(2013)

Moreover, purposive sampling technique was used in the study because purposive sampling enables the researcher to sample on the basis of the researcher's judgment. In this study the researcher used purposive sampling in order to choose study bank and get primary respondents according to their roles and enable the researcher to solicit relevant data. Through the use of purposive sampling, general managers of the bank were selected for interview.

3.8. Data Collection Instruments

To obtain valid and reliable data for this study, data gathering instruments like questionnaire, interview and document review were applied.

3.8.1 Questionnaires

A questionnaire consists of a number of questions which are typed or printed on forms in a definite order (Saranta Kos, 2005). According to Kothari (2004), structured questionnaires are simple to administer and relatively inexpensive to analyze. The researcher used structured questionnaire to collect data. The structured questionnaire were be chosen, because it ensured the confidentiality of responses and save time, questionnaires have advantages over some other types of surveys because they are cheap, do not require as much effort from the researcher as verbal or telephone surveys, and often have standardized answers that make it simple to compile the questions (Walliam, 2006). The questionnaire will include three parts; the first part regards the demographic characteristics of respondents, the second part; staff retention policies and related questions, and third part interview questions. The question which included in the questionnaire were close ended questions because they help the researcher to know the respondents' perception, and help

the respondents to choose one option from the given scales that best aligns with their views. Data were systematically categorized in order to easily understand and express their feelings 5- point Linkert scale namely (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) Strongly Agree used to understand respondents' degree of agreement with each statement.

3.8.2. Interview

In this method different questions were asked and conversation between the researcher and the key respondents has been done. Therefore, this method allows face-to face conversation and therefore it is used to control ambiguities between interviewer (researcher) and interviewee. In this study semi-structured interviews were used to collect data from company's general managers.

3.9. Reliability and Validity of Data Gathering Instruments

This section contains information on how validity and reliability of the instrument were ensured.

3.9.1. Reliability

In order to ensure that the research instrument is reliable and can consistently produce reliable data when administered, the researcher was determined its reliability by measuring the internal consistency of the instrument. This reliability analysis will be conducted on the pilot survey instruments prior to official data collection so as to ensure that the instruments provide reliable data for the study. According to Onen (2015), if the results of the pilot study are found to be consistent, the instruments are assumed as reliable, otherwise not.

Aimed at the point that even if the research was repeated they would end up with similar results or the consistency or dependability of a measurement technique, and it's concerned with the consistency or stability of the score obtained from a measure or assessment overtime and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Marczyh, et al., 2005). According to George and Mallery (2003, as cited in Joseph & Rosemary, 2003) Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistence or reliability of a psychometric test score for a sample of

examinees. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. But the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al, 2003). The researcher conducted pilot survey by distributing 25 set of questionnaires. And the results are presented below in table 3.2.

Table 3.2. Reliability Analysis

Variables	No of items	Cronbach's alpha	Decision
Compensation	7	.858	Reliable
Job security	4	.882	Reliable
Training & Dev't	7	.886	Reliable
Supervisor Support	7	.780	Reliable
Work environment	7	.746	Reliable
Organizational Justice	7	.814	Reliable
Employee commitment	7	.762	Reliable
Entire	46	0.915	Reliable

Pilot survey, 2023

3.9.2 Validity

According to Saunders et al.,(2007) validity is the rate to which data collection methods accurately measure what they are intended to quantify. The validity of the study will be ensured by the researcher by considering the quality of data whereas the questionnaire will be approved by the advisor before handed out to the respective respondents.

According to Kothari (2004), validity aims at establishing the results which are linked with the condition. It is concerned with the extent that the scale accurately represents the

construct of interest. In order to assure the validity of the measurement instrument of the study is conducted based on the literally accepted conceptual framework that clearly indicate the theoretical construct and associated with the measurements valid to the study. Where possible this was support and consideration given to practical things. So that pre-questionnaires were distributed to the some concerned respondents to check the validity of questions to further data collection process. As per the comments and the discussion the questions will be prepared to primary data collection for the research objectives as validated by the researcher.

Furthermore, factor analysis using the Principal Component Analysis (PCA) was carried out to ascertain whether the scale items are correctly loaded for the dimensions to be used in this study. The PCA was also conducted to prevent multi collinearity, which leads to misrepresentative results (Akturan & Tezcan, 2012). To achieve construct validity, factor loadings must be statistically significant. This is tested by obtaining a loading of 0.50 or higher (Hair et al., 2011) (the results are annexed).

3.10. Method of Data Analysis

After the collection of the required data proper tools and techniques were used for classification and analysis of data. Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Gibson, 2017). The data were collected from respondents were analyzed using quantitative data analysis techniques including descriptive and inferential analysis. Descriptive statistical analysis such as mean, standard deviation and frequency were used to analyze the data that were collected from sample member respondents in the survey in relation to their attitudes, knowledge, and opinions toward staff retention policies and the dependent variable (Organizational Commitment).

In order to analyze the relationship between dependent and independent variables Pearson correlation analysis would be used. In order to assess the effect and contribution of each staff retention policy on multiple linear regression analysis were used. The above descriptive and inferential analysis was conducted with the help of software called Statistical package for the social science (SPSS) V-25.

Model Specification

This study built multiple regression equation on dependent variable (Organizational Commitment) and independent variables (Compensation, Job Security, Training and Development, Supervisor Support culture, Work Environment and Organizational Justice).

The Regression model used in this study was as follows: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$

Where:

Y = Dependent variable

β_0 = constant

$X_1 - X_6$ = independent variables

$\beta_1 - \beta_6$ = coefficients of independent variables

e = error term

3.11. Ethical consideration

According to Kumar, (2005) ethical issues concerning research subjects are mainly privacy, anonymity, voluntary and informed consent. The privacy of information would be obtained from the research respondents as well as the anonymity of the research subjects will be respected. The participants were participated voluntarily they coerced. The anonymity of the respondents was adhered to as no personal information, such as names. In the study the researcher maintained objectivity, and professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes. Finally all reference materials for this study was acknowledged with appropriate citation.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Introduction

This chapter is mainly concerned with the analysis of data gathered from the respondents through questionnaires and interview. The data gathered from those sources was analyzed independently (grouping the data under the same category) using frequency, Means standard deviations and percentage. The final outputs of the result were presented in tabular forms, and each point in each table was analyzed by using expressions (words). Moreover, this chapter illustrates the major findings and conclusions of the study and provides possible recommendations about the solutions to overcome the existing problems based on the actual finding in the study area.

A set of 150 questionnaires were distributed to the potential respondents and all of the questionnaires were properly filled and returned. Hence, all of the questionnaires were considered as useable with response rate of 100%.

4.2. Demographic Background of the Respondents

The demographical and other personal characteristics of makeup of the sample are analyzed and tabulated hereunder in a manner that paints a clear mental picture as to what the majority inclines to.

Table 4.1. Personal Characteristics of Respondents

Characteristics		Frequency	percent
Sex	Male	113	75.3
	Femal	37	24.7
	150	100.0	150
Age	20-29 Years	58	38.7
	30-39 Years	70	46.7
	40-49 Years	22	14.7
	Total	150	100.0
Marital Status	single	56	37.3
	Married	92	61.3
	Divorced	2	1.3
	Total	150	100.0
Education	Diplomma	3	2.0
	First Degree	123	82.0
	Masters and Above	24	16.0
	Total	150	100.0
Work expreence in the bank	Below one year	4	2.7
	1-3 Years	94	62.7
	4-6 Years	31	20.7
	7 -10	21	14.0
	Total	150	100.0

Source: Field Survey, 2023

Table 4.1 above 36indicated that out of the total 150 participants the response rate based on gender for the benefit of males forming 75.3 percent of total sample with frequency of 113

individuals; compared to females who formed 24.7 percent of the sample with a frequency of 37 individuals only. This indicates that majority of the respondents were males and the banks manpower in those branches included in this study is dominated by males than females.

As far as age of the respondents is concerned, Table 4.1 above revealed that sample characteristics according to age was calculated, it appeared that majority of respondent were individuals within age range of 30-39 Years old forming 46.7 percent of the total sample with frequency of 70 individuals, compared to the least age range which scored 14.7 percent of the total sample for individuals in the age range of 40-49 Years. Besides, 38 percent of the total sample was in the 20-29 years old with frequency of 58 individuals. This indicates that the manpower of the bank is organized with the young and productive age group.

As per the district human resource manager, *'the bank is mostly hiring fresh graduates with intensive recruitment criteria. Hence, the bank has numerous branches with young staff in Hawassa city and the surrounding'*.

Pertaining with the marital status of the participants of the , majority part of the samples were married forming 61.3 percent of the total sample with 92 individuals , followed by single ones forming 37.3 percent of the total population and with 56 individuals while the remaining 1.3 percent with frequency of only 2 individuals confirmed that they are divorced.

Concerning with the academic qualification of the participants of the survey, it was revealed that 82 percent of the total sample held first degree with frequency of 123 individuals, while 16 percent of them held and mastrate degree and only 2 percent of the total sample have diploma academic level.

In this regard, the District human resource manager revealed that *'in order to be competitive enough, the bank is recruiting fresh graduates from different higher educations all over the country. And it is assured that the staff is capable enough in adjusting themselves with the current banking services and can understand the banking system within short period of time'*.

According to table 4.1 above, it was revealed that majority of the sampele sample had an experience of 1-3 years forming 62.7 percent of the sample followed by those who had

work experience of 4-6 Years forming 20.7 percent of the sample , 7 -10 years forming 14 percent of the total sample and the remaining have experience of below one year in the bank forming 2.7 percent of the total sample respondents.

4.3. Descriptive Analysis of The Variables

According to Burns & Bush (2006) descriptive analysis represented the transforming of raw data into a form that enable researcher to understand and interpret easier in terms of rearranging, ordering and manipulating data in order to provide descriptive information. Calculating averages, frequency, mode, percentages and standard deviations are commonly used to summarize the data. The mean, range and standard deviation were calculated for the interval scale of independent variables (Compensation, Job Security, Training and Development, Supervisor Support culture, Work Environment and Organizational Justice) and dependent variable and the dependent variable (employee commitment).

As per Harry (2012), to properly analyse Likert data, one must understand the measurement scale represented by each. Numbers assigned to Likert-type items express a “greater than” relationship; however, how much greater is not implied. Because of these conditions, Likert type items fall into the ordinal measurement scale. Descriptive statistics recommended for ordinal measurement scale items include a mode or median for central tendency and frequencies for variability.

Likert scale data, on the other hand, are analysed at the interval measurement scale. Likert scale items are created by calculating a composite score (sum or mean) from four or more type Likert-type items; therefore, the composite score for Likert scales should be analysed at the interval measurement scale. Descriptive statistics recommended for interval scale items include the mean for central tendency and standard deviations for variability. Additional data analysis procedures appropriate for interval scale items would include the Pearson's correlation I, *t*-test, ANOVA and regression procedures.

Hence, from this study point of view, the raw data collected from each construct of the variables; (Compensation, Job Security, Training and Development, Supervisor Support culture, Work Environment and Organizational Justice) and dependent variable (employee commitment) are in the form of ordinal scale. But for the sake of simplicity of analysis the variables transformed into interval scale leading the researcher to obtain a single variable for every constructs.

Therefore, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear (Al-Sayaad, Rabea, & Samrah, 2006). As cited by (Bassam, 2013).

Table 4.2. Five Scaled Likert Criterion

No.	Mean range	Response Option
1	1 to 1.80	Strongly disagree
2	1.81 to 2.60	Disagree
3	2.61 to 3.40	Neutral
4	3.41 to 4.20	Agree
5	4.21 to 5.00	Strongly Agree

Source: Al-Sayaad et al. (2006, as cited by Bassam, 2013).

4.3.1 Descriptive Statistics for Compensation

In this section issues related with compensation practices as are discussed using 7 important items and the summary of the descriptive statistics for each item and the grand mean are depicted by table 4.3, below.

Table 4.3. Descriptive Statistics for compensation

Statements	N	Minimum	Maximum	Mean	Std. Deviation
I feel I am being paid a fair amount for the work I do	150	1	5	3.31	1.024
I feel my payments are enough to support my life style	150	1	4	2.65	1.205
I feel there are sufficient types of benefits (e.g. Health care benefits, Tuition fee sponsorship...etc)	150	1	5	3.68	1.160
I feel satisfied with my chances for salary increments	150	1	5	3.57	1.358
If I perform my work well, I can get more money (in the form of bonus, Overtime...etc)	150	1	5	3.63	1.126
I earn the same as or more than other people in a similar job	150	1	5	4.25	.835
All tasks to be accomplished are associated with incentives	150	1	5	3.63	1.162
Grand Mean	150			3.53	

Source: Field Survey , 2023

Table 4.3 results show the minimum values, maximum values, mean values and the values of the standard deviation of the independent variable compensation. Mean value provides the idea about central tendency of the values of the variable. The number of observations of each variable is 150, and the table summarizes the level of agreements of the respondents towards the issues related with compensation practices provided by Awash Bank As table

4.3 above presents, in the first statement, it is evident that majority of the respondents were in different that they feel that they being paid a fair amount for the work they execute.

Result was ranged from the lowest mean 2.65 (I feel my payments are enough to support my life style to the highest mean 4.25 (I earn the same as or more than other people in a similar job). And, the average level of agreements of the respondents on compensation practices scored 3.53 mean with 1.12 of standard deviation; it is within the range of 3.41 to 4.20.

4.3.2. Descriptive Statistics for Job Security

In this part, the issues related with job security are discussed and the summary of descriptive statistics for the responses is presented below in table 4.4.

Table 4.4. Descriptive Statistics for Job Security

Statements	N	Minimum	Maximum	Mean	Std. Deviation
I feel very secured in my present job	150	1	5	2.89	1.205
My fellow team members also feel secure with their present job	150	1	5	3.34	1.092
The company has a policy to sack (layoff) employees that do not meet the set target	150	1	5	2.84	1.106
I feel my job is secured as long as I achieve the set target	150	1	5	2.83	1.128
Grand Mean	150			2.98	1.13

Source: Field Survey, 2023

As presented in Table 4.4 above, Result was ranged from the lowest mean 2.83 (I feel my job is secured as long as I achieve the set target) to the highest mean 3.34(My fellow team members also feel secure with their present job). And, the average level of agreements of the respondents on compensation practices scored 2.98 mean with 1.13 of standard deviation; it is within the range of 2.61 to 3.40. This implies that most of the respondents were neither agreed nor disagree which means they were in different on the issues of job security aspects offered by the bank.

4.3.3. Descriptive Statistics for Training and Development

Perceived training precedes an actual search for and evaluation of specific alternatives. In this sense, personal employee attribute e.g., education, skills, hope, resilience, engagement and satisfaction with job satisfaction. Table 4.5 below presented the summary of descriptive statistics responses related with training issues.

Table 4.5. Descriptive Statistics for training and development

Statements	N	Minimum	Maximum	Mean	Std. Deviation
When employees arrive from training, supervisors encourage them to share what they have learned with other employees	150	1	5	2.97	1.316
My organization links training and development with our company business strategy	150	1	5	4.05	1.092
My organization has full-fledged training and development department manned with competent professionals	150	1	5	3.95	1.122
Supervisors give employees the chance to tryout their training on the job immediately	150	1	5	3.34	1.054
Job aids(resources or technology) are available on the job to support what employees learned in training	150	1	5	2.72	1.171
Supervisors make sure that employees have the opportunity to use their training immediately	150	1	5	3.36	1.154
Employees who use their training are given preference for new assignments	150	1	5	4.57	.986
Grand Mean	150			3.57	1.13

Source: Field Survey, 2023

Table 4.5 results show the minimum values, maximum values, mean values and the values of the standard deviation of the independent variable training and Development. Mean value provides the idea about central tendency of the values of the variable. The number of observations of each variable is 150, and the table summarizes the level of agreements of the respondents towards the issues related with training and development practices of Awash International bank.

Result was ranged from the lowest mean 2.72 (Job aids (resources or technology) are available on the job to support what employees learned in training) to the highest mean 4.57 (Employees who use their training are given preference for new assignments). And, the average level of agreements of the respondents on compensation practices scored 3.57 mean with 1.13 of standard deviation; it is within the range of 3.41 to 4.20. This implies that most of the respondents agreed on the practices of training and development implemented by the bank.

4.3.4. Descriptive Statistics for Supervisors' Support

Table 4.6 .Descriptive Statistics for Supervisors' Support

Statements	N	Minimum	Maximum	Mean	Std. Deviation
My immediate supervisor is impartial	150	1	5	3.35	1.063
My immediate supervisor gives me feedback that helps me improve my performance.	150	1	5	3.66	1.061
My immediate supervisor follows through on commitments	150	1	5	4.01	1.055
I receive coaching and training from my immediate supervisor	150	1	5	3.24	1.224
I receive credit from my immediate supervisor for a job well done	150	1	5	4.32	1.189
I feel my job performance is fairly evaluated.	150	1	5	3.28	1.100

My immediate supervisor tries to understand my point of view when he or she discusses problems or projects with me	150	1	5	3.46	1.179
Grand Mean	150			3.62	1.12

Source: Field Survey, 2023

Table 4.6 results show the minimum values, maximum values, mean values and the values of the standard deviation of the independent variable Supervisor’s Support. Mean value provides the idea about central tendency of the values of the variable. The number of observations of each variable is 150, and the table summarizes the level of agreements of the respondents towards the issues related with Supervisors support practices of Awash bank.

Result was ranged from the lowest mean 3.24 (I receive coaching and training from my immediate supervisor) to the highest mean 4.32 (I receive credit from my immediate supervisor for a job well done). And, the average level of agreements of the respondents on compensation practices scored 3.62 mean with 1.12 of standard deviation; it is within the range of 3.41 to 4.20. This implies that most of the respondents agreed on the practices of supervisors support provided for the employees of the Bank.

4.3.5. Descriptive Statistics for Working Environment

Improving working environment and conditions considered as one of better mechanisms how to increase employee's performance and retention. The area of work environment found that it is key factor in employee retention, it is also found that employee leave the job due to work environment and organizational justice (distributive justice and procedural justice). It also plays pivotal role in employee commitment; it is revealed from study that, if organization wants to retain their prowess employees, organization must follow fairness formula. Hence, organizations should be realized that, working conditions in an organization have a role to play in deciding whether to stay or leave. Hence, table 4.7 below depicted the perception of employees toward the working environment of the study area.

Table 4.7. Descriptive Statistics for Working Environment

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The physical working conditions (e.g., heating, ventilation, layout, cleanliness) are very good	150	1	5	3.71	1.150
Individual differences are respected here (e.g. religion, gender, race Educational background,...etc.)	150	1	5	3.59	1.154
The culture and emotional climate of the company is generally positive and supportive	150	1	5	3.55	1.185
I believe in and take pride in my work and my workplace	150	1	5	3.50	.995
At work, I am accepted for the person I am	150	1	5	3.64	1.590
The rewards for success are greater than the penalties for failure	150	1	5	3.49	.961
I feel accepted and am treated with courtesy, listened to, and invited	150	1	5	3.57	1.358
Grand mean	150			3.58	1.20

Source: Field Survey, 2023

Table 4.7 results show the minimum values, maximum values, mean values and the values of the standard deviation of the independent variable working environment. Mean value provides the idea about central tendency of the values of the variable. The number of observations of each variable is 150, and the table summarizes the level of agreements of the respondents towards the issues related with working environment aspects of Awash bank.

Result was ranged from the lowest mean 3.49 (The rewards for success are greater than the penalties for failure) to the highest mean 3.71 (The physical working conditions (e.g.,

heating, ventilation, layout, cleanliness) are very good). And, the average level of agreements of the respondents on compensation practices scored 3.58 mean with 1.20 of standard deviation; it is within the range of 3.41 to 4.20. This implies that most of the respondents agreed on the practices of working environment related aspects of the Bank

.3.6. Descriptive Statistics for Organizational Justice

Table 4.8. Descriptive Statistics for Organizational Justice

Statements	N	Minimum	Maximum	Mean	Std. Deviation
I feel my rewards are fair when compared to those who work the same level of work as I do	150	1	5	3.63	1.126
My company keeps rewards given to each employee as a secret	150	1	5	3.36	1.154
In my company, I believe there is a fair distribution of rewards and benefits	150	1	5	4.57	.986
I believe I have access to Information regarding distribution of benefits and rewards for my understanding and comparison	150	1	5	2.89	1.240
I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration	150	1	5	2.45	1.121
I believe I am being treated with the necessary dignity and respect	150	1	5	2.73	1.048
I believe I will try to create justice if I feel there is unfair distribution of benefits and rewards	150	1	5	3.19	1.224
Grand Mean	150			3.26	1.13

Source: Field Survey, 2023

As presented in table 4.8 above, Result was ranged from the lowest mean 2.45 (I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration) to the highest mean 4.57 (In my company, I believe there is a fair distribution of rewards and benefits). And, the average level of agreements of the respondents on compensation practices scored 3.26 mean with 1.13 of standard deviation; it is within the range of 2.61 to 3.40. This implies that most of the respondents were neither agreed nor disagree which means they were in different on the issues of the organizational justice aspects of the bank.

4.3.7. Descriptive Statistics for Employees Commitment

Table 4.9. Descriptive Statistics for Employees Commitment

Statement	N	Minimum	Maximum	Mean	Std. Deviation
I would be very happy to spend the rest of my career with this organization	150	1	5	3.55	1.162
This organization has a great deal of personal meaning for me	150	1	5	3.49	1.073
I enjoy discussing about my organization with people outside it	150	1	5	4.41	1.050
Too much in my life would be disrupted if I decided to leave my Organization now.	150	1	5	3.32	1.089
It would be very hard for me to leave my organization right now, even if I wanted to	150	1	5	3.83	1.079
Right now, staying with my organization is a matter of necessity as Much as desire.	150	1	5	3.88	1.146
I feel that I owe this organization quite a bit because of what it has done for me	150	1	5	2.49	.730
Grand Mean	150			3.57	1.05

Source: Field Survey, 2023

The above table 4.9 shows at the mean of employees' commitment related aspects. The sampled employees were asked to indicate whether they agreed or disagreed with the statements to rate with a five-scale agreement and it was presented in the above table. As shown in the Table 4.9 above, it is evident from the respondents that the commitment levels of employees were all good .The mean of 2.49 (I feel that I owe this organization quite a bit because of what it has done for me to the highest mean of 4.41(I enjoy discussing about my organization with people outside it). The overall mean score for employee performance is 3.57, with standard deviation of 1.05 which is high. The result implies that majority of the respondents agreed that employee commitment towards their organization.

Table 4.10 . Summary of the mean analysis of variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Employees Commitment (Y)	150	1	5	3.57	.609
Compensation (X1)	150	2	5	3.53	.596
Job security (X2)	150	1	5	2.98	.803
Training & Development (X3)	150	2	5	3.57	.534
Supervisors Support(X4)	150	2	5	3.62	.705
Work environment (X5)	150	2	5	3.58	.684
Organizational Justice (X6)	150	1	5	3.26	.593

Source: Field Survey, 2023

The above descriptive statistics clearly depicts the corresponding arithmetic mean and standard deviation of every construct totals (total of every individual categorical construct). Thus, compensation categorical total has a mean of 3.53 and a standard deviation of 0.596, job security categorical total has a mean of 2.98 and a standard deviation of 0.803, training and development categorical total has a mean of 3.57 and a standard deviation of 0.534, supervisor support culture categorical total has a mean of 3.62 and a standard deviation of 0.705, work environment categorical total has a mean of 3.58 and a standard deviation of 0.684, organizational justice categorical total has a mean of 3.26 with a standard deviation

of 0.593, and finally organizational commitment categorical total has a mean of 3.57 with a standard deviation of 0.609 which shows that employees level of commitment of Awash bank is above the average cut-off point of 3.41.

The analysis of mean of categorical constructs showed that with the exception of job security and training and organizational culture have a mean value less than the average standard of 3.41 but above 2.60 which represents neutral. Accordingly, it implies that the employees of the bank in general are happy with their compensation scheme, training and development practices, feel that they are supported enough by their respective supervisors, and are happy with the work environment.

4.4. Inferential Analysis

Inferential analysis is concerned with the various tests of significance for testing hypotheses in order to determine what validity data can be said to conclusions. It is also concerned with the estimation of population values. It is mainly on the basis of inferential analysis that the task of interpretation (i.e., the task of drawing inferences and conclusions) was performed.

4.4.1. Correlation Analysis

Pearson's correlation and multiple linear regressions are the main inferential statistical methods employed in this study to analyse the relationships between the dependent variable (employees' performance) and the five independent Variables (Compensation, Job security, Training & Development, Supervisors Support, Work environment, Organizational Justice).

According to Pallant (2005), correlation analysis is used to describe the strength and direction of the linear relationship between two variables. In this analysis, Bivariate Pearson Product- Moment Coefficient (r) has been used to see the relationship between the dependent and independent variables. Pearson product-moment coefficient is designed for interval level (continuous) variables (Pallant, 2005).

Table 4.11 below presents the results the correlation coefficient which indicates the strength of association between each independent variable and the dependent variable.

Table 4.11 Results showing correlation analysis

		(Y)	X1	X2	X3	X4	X5	X6
Employees Commitment (Y)	Pearson Correlation	1	.568**	.032	.346**	.789**	.220**	.593**
	Sig. (2-tailed)		.000	.697	.000	.000	.007	.000
	N	150	150	150	150	150	150	150
Compensation (X1)	Pearson Correlation	.568**	1	-.008	.150	.379**	.335**	.464**
	Sig. (2-tailed)	.000		.921	.066	.000	.000	.000
	N	150	150	150	150	150	150	150
Job security (X2)	Pearson Correlation	.032	-.008	1	.375**	.072	.121	.073
	Sig. (2-tailed)	.697	.921		.000	.382	.141	.374
	N	150	150	150	150	150	150	150
Training & Development (X3)	Pearson Correlation	.346**	.150	.375**	1	.383**	.080	.347**
	Sig. (2-tailed)	.000	.066	.000		.000	.328	.000
	N	150	150	150	150	150	150	150
Supervisors Support(X4)	Pearson Correlation	.789**	.379**	.072	.383**	1	.313**	.510**
	Sig. (2-tailed)	.000	.000	.382	.000		.000	.000
	N	150	150	150	150	150	150	150
Work environment (X5)	Pearson Correlation	.220**	.335**	.121	.080	.313**	1	.058
	Sig. (2-tailed)	.007	.000	.141	.328	.000		.477
	N	150	150	150	150	150	150	150
Organizational Justice (X6)	Pearson Correlation	.593**	.464**	.073	.347**	.510**	.058	1
	Sig. (2-tailed)	.000	.000	.374	.000	.000	.477	

	N	150	150	150	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed).								

Source: Field Survey, 2023

Accordingly, as can easily be inferred from the above Pearson correlation table, organizational commitment (the dependent variable) has a strong and positive relationship with the independent variable supervisors support ($r = .789^{**}$, $P < 0.01$) and followed by the independent variables such as Organizational justice, compensation, Training and development, working environment and job security respectively.

Out of the five independent variables, only job security has insignificant relationship with employees' commitment in Awash bank.

Hence compensation ($r = .568^{**}$, $P < 0.01$), Training and development ($r = .346^{**}$, $P < 0.01$), training and development ($r = .489$, $P < 0.01$), supervisor support culture ($r = .789^{**}$, $P < 0.01$), work environment ($r = .220^{**}$, $P < 0.01$), and organizational justice ($r = .593^{**}$, $P < 0.01$) are significantly and positively correlated with organizational commitment in our case company. However, Job security ($r = .032$, $P > 0.01$) insignificantly but positively correlated with organizational commitment.

Thus, any corresponding change in the independent variables such as increase on compensation, improved supervisory support, improvement in the working environment...etc will have a positive and very strong relative impact on the dependent variable. However, if the changes in the individual independent constructs are not in a positive manner, then its effect on the dependent variable will be negative.

4.4.2. Linear Regression Analysis

Linear regression analysis is used to measure the statistical significance of the effect of each individual independent variable on the dependent variable through F and P value. This measurement is made by inferring the value of R^2 to explain the magnitude of the effect of the independent variable on the dependent variable. Here below depicted and explained are the linear regression of various independent and dependent variables.

Regression analysis is asset of statistical methods used for the estimation of relationships between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable

changes when any of one of the independent variables is varied, while the other independent variables remain constant (Bhattacharjee , 2012).

The aim of this analysis is to analyze the determinant factors (Compensation, Job Security, Training and Development, Supervisor Support culture, Work Environment and Organizational Justice) and dependent variable and the dependent variable (employee commitment) in Awash Bank, Hawassa City Branches.

Prior to running the analysis of multiple regression models, it is mandatory to assess whether the collected data violate some key assumptions of the standard linear regression models because an assumption violation can result in distorted and biased parameter estimates. The assumptions include; continuousness of the dependent variable, sample size, normality, multi-collinearity is crucial to confirm them.

Assumption 1 – The dependent variable should be continuous

According to Gujarati (2006), in order to run multiple linear regressions, the continuous variable must be in a continuous nature. In this case, although the original nature of the data is ordinal scale, it would be very necessary to transform in to ration scales using transformation (computation) technique. Hence, this assumption was validated using such technique.

Assumption 2 – Sample Size

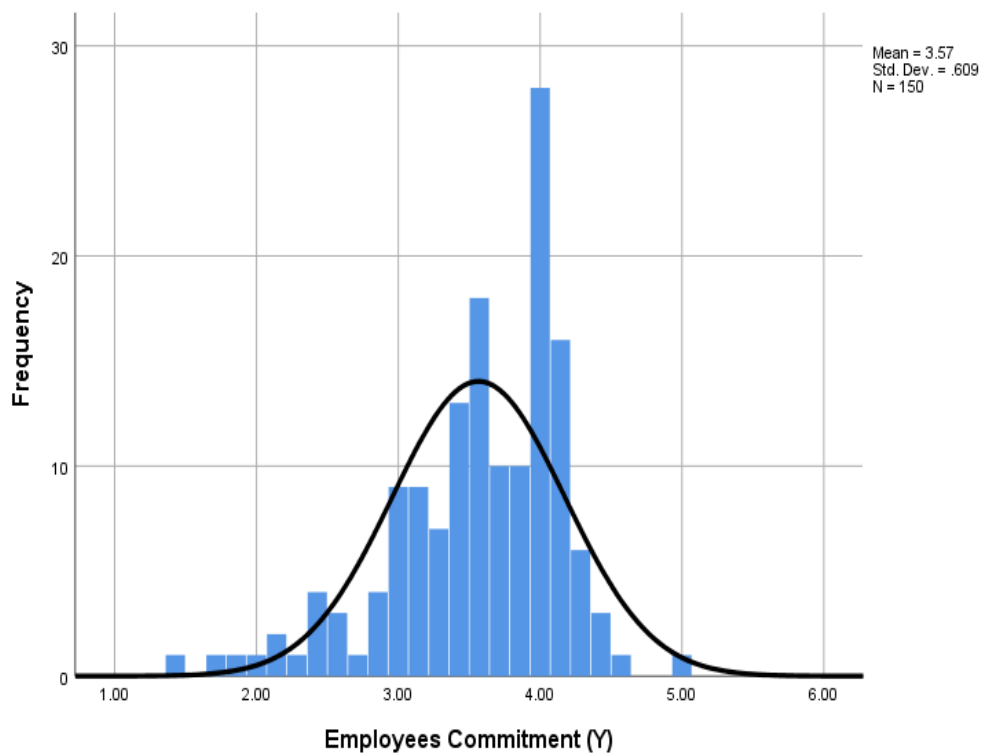
Regression analysis is often sensitive to sample sizes. The common rule of thumb floating about the sample size in standard linear regression is fifteen (15) cases of data per predictor. According to (Green, 1991 as cited in Field 2009), to test the overall model the Recommended minimum sample size of $N=50+8k$, where k is the number of independent variables. Taking into account the six (6) number of independent variables in the present study; $50+8(6) = 98$ which is less than observed respondents/sample size/. i.e. $50+ 8(6) = 98 < 150$. Based on the criteria, the sample size exceeds the minimum to run the standard multiple linear regressions.

Assumption 3 – Normality Test

Screening for normality is important steps when conducting a multiple regression as assuming residuals are normally distributed (Stevens,2009). Non-normal distributions that

are positively or negatively skewed, contain large kurtosis, or have extreme outliers can distort the obtained significance levels of the analysis, resulting in the standard errors becoming biased. Though a multiple regression is generally considering quite robust to violations of normality, a small sample size can actually increase the seriousness of non-normality of a distribution (Osborne & Waters, 2002). Outliers may have stronger influence on normal distribution when the sample size is small, whereas standard errors for both skewness and kurtosis decrease with larger samples, as there will most likely be only minor deviations from normality.

Figure 4.1. Normality test of dependent- Variable



Assumption 4-Multicollinearity

According Kleinbaum & Klein (2002) Multicollinearity exists when the independent variables are highly correlated ($r \geq .90$ and above). But the correlation between independent variables in this study is not highly correlated because $r < .90$ and some of them are close to .7

(see table 4.9) and also calculation of both a Tolerance test and Variance Inflation Factor (VIF) can be used, so the results of these analyzes are shows as all predictors VIF is below 5 and none of the Tolerance levels is > or equal to .20 (see Table 4.11). Multicollinearity was not a concern with this data set as confirmed by the main effect regression models.

Table 4.12 .Results of multi-collinearity Test

Model		Unstandardized Coefficients		Sig.	Collinearity Statistics	
		B	Std. Error		Tolerance	VIF
1	(Constant)	.292	.245	.235		
	Compensation (X1)	.297	.054	.000	.678	1.474
	Job security (X2)	.017	.036	.640	.834	1.199
	Training & Development (X3)	.036	.059	.549	.702	1.424
	Supervisors Support(X4)	.539	.048	.000	.608	1.646
	Work environment (X5)	.072	.044	.103	.787	1.271
	Organizational Justice (X6)	.139	.058	.018	.597	1.676

Assumption 5. Independence of Errors (Autocorrelation) Test

According to Andy (2009) the acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson value is which are between the acceptable ranges. Hence, the value of Durbin – Watson Table 4.13 shows the value of Durbin – Watson is 2.020 and it indicates that there was no autocorrelation Problem in the data used in this research. Hene, it is possible to run the regression analysis.

Assumption 6: Linear Assumption test

In linear regression analysis it is assumed that there is a linear relation between the predictors and the dependent variable. This study measured the linearity by testing the goodness of fit of the model by conducting ANOVA test.

Table 4.13. ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.386	6	6.731	64.532	.000 ^b
	Residual	14.915	143	.104		
	Total	55.301	149			
a. Dependent Variable: Employees Commitment (Y)						
b. Predictors: (Constant), Organizational Justice (X6), Work environment (X5), Job security (X2), Training & Development (X3), Compensation (X1), Supervisors Support(X4)						

Source: Field Survey, 2023

As with any ANOVA the essential pieces of information needed are the DF, the F-value and the probability value. We can see from the above table that $F(6,143) = 64.532$, $p < 0.01$, and therefore it is possible to conclude that the regression model is statistically significant. The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2009). F-ratio is a measure of how much the model has improved the prediction of the dependent variable (employee commitment) compared to the level of inaccuracy of the model (Field, 2009). The value of F-statistics is 64.532 which is significant at $p < 0.001$ (because the value in the column labeled *Sig.* is less than .001). This result tells us that there is less than a 0.1 percent chance that an F-ratio this large would happen if the null hypothesis true. The significant level in ANOVA table shows that the combination of the variables significantly predicts the dependent variable.

According to Field (2009) if a model is good, then we expect the improvement in prediction due to the model to be large and the difference between the model and the observed data or mean square residual to be small. In short, a good model should have a large F-ratio (greater than 1 at least) because the mean square regression will be bigger than the mean square residual.

Table 4.14 .Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.855 ^a	.730	.719	.32296	2.020
a. Predictors: (Constant), Organizational Justice (X6), Work environment (X5), Job security (X2), Training & Development (X3), Compensation (X1), Supervisors Support(X4)					
b. Dependent Variable: Employees Commitment (Y)					

As shown in the above table the six independent variables such as compensation, job security, training and development...etc explains 73% ($R^2 = .730$) of the dependent variable (Organizational Commitment). This suggests that 73 % of employees’ organizational commitment level in the bank clearly depends on the independent variables while the remaining 27% is determined by other unaccounted factors.

Table 4.15. Coefficients Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.292	.245		1.194	.235
	Compensation (X1)	.297	.054	.291	5.517	.000
	Job security (X2)	.017	.036	.022	.469	.640
	Training & Development (X3)	.036	.059	.031	.601	.549
	Supervisors Support(X4)	.539	.048	.624	11.204	.000
	Work environment (X5)	.072	.044	.080	1.640	.103
	Organizational Justice (X6)	.139	.058	.135	2.404	.018
Dependent Variable: Employees Commitment (Y) _a						

Source: Field Survey, 2023

Using the above table 4.14, we can now compare the relative contribution of each of the different variables by taking the beta value under the unstandardized coefficients. The higher the beta value, the strongest its contribution becomes. Accordingly, Supervisors Support(X4) (Beta=.539) makes the strongest unique contribution to explaining the dependent variable followed by Compensation (X1) (B=.297), then Organizational Justice (X6) (B=.139). On the other hand, Job security (X2), Training & Development (X3) and Work environment (X5) are the list contributors to explaining the dependent variable with beta values of (.017,.036 and .072) respectively.

Pertaining with the statistical significance of each variable from the above coefficients of table 4-14, Compensation (X1) (Sig. = .000), Supervisors Support(X4) (Sig. = .000), and Organizational Justice (X6) (Sig. = .018) have a statistically significant contribution (Sig<.05) for the prediction of the dependent variable while Job security (X2) (Sig. = .640), Training & Development (X3) (Sig. = .549) and Work environment (X5) (Sig. = .103) did not make any significant prediction in case of this study.

4.4.3. Hypotheses Testing

Hypothesis is simply a statement about population parameter. A hypothesis is often described as an attempt by the researcher to explain the phenomenon of interest. Those hypotheses are the researcher's attempt to explain the phenomenon being considered and that interpretation should involve a prediction about the variables being considered. Thus, predictions are then tested by gathering and analyzing data, and the hypotheses can either be supported or rejected on the basis of the data analysis result. A research hypothesis is a predictive statement that relates an independent variable to a dependent variable. Hypotheses are important for taking clarity, specificity and focus to a research study.

As it stated in the earlier in first chapter, the main objectives of this study was to investigate analyze the effects of employees' retention policies on employees' organizational commitment, in the case of Awash Bank, Hawassa City Branches. Hypothesis testing is based on standardized coefficients (β) and P-value to test whether the hypotheses were accepted or rejected. Therefore, in order to achieve the objectives of this

study the following hypothesis of the study were tested as stated in chapter one and the result of the analysis presented below.

H01: Compensation has no effect on employees' organizational commitment

The Coefficient ($\beta_1=0.297$) and p-value=0.000, which is less than 0.05. Hence, the first null hypothesis is rejected and the alternative hypothesis is accepted.

H02: Job Security has no effect on employees' organizational commitment

The Coefficient ($\beta_2=0.017$) and p-value=0.640, which is greater than 0.05. Hence, the second null hypothesis is accepted and the alternative hypothesis is rejected.

H03: Training and Development has no effect on organizational commitment

The Coefficient ($\beta_3=0.036$) and p-value=0.601, which is greater than 0.05. Hence, the third null hypothesis is accepted and the alternative hypothesis is rejected.

H04: Supervisor Support Culture has no effect on organizational commitment

The Coefficient ($\beta_4=0.539$) and p-value=0.000, which is less than 0.05. Hence, the fourth null hypothesis is rejected and the alternative hypothesis is accepted.

H05: Work Environment has no effect on organizational commitment

The Coefficient ($\beta_5=0.072$) and p-value=0.103, which is greater than 0.05. Hence, the fifth null hypothesis is accepted and the alternative hypothesis is rejected.

H06: Organizational Justice has no effect on organizational commitment

The Coefficient ($\beta_6=0.139$) and p-value=0.018, which is less than 0.05. Hence, the sixth null hypothesis is rejected and the alternative hypothesis is accepted.

Summary of hypothesis testing

Table 4.16. Summary of hypothesis testing

No.	Hypothesis	Sign and significance	Result	Reason
Ho ₁	Compensation has no effect on employees' organizational commitment	Positive and significant	Rejected	P<0.05
Ho ₂	Job Security has no effect on employees' organizational commitment	Positive but not significant	Accepted	P>0.05

Ho ₃	Training and Development has no effect on organizational commitment	Positive but significant	Accepted	P>0.05
Ho ₄	Supervisor Support Culture has no effect on organizational commitment	Positive and significant	Rejected	P<0.05
Ho ₅	Work Environment has no effect on organizational commitment	Positive and significant	Accepted	P>0.05
Ho ₆	Organizational Justice has no effect on organizational commitment	Positive but significant	Rejected	P<0.05

Source: Field Survey, 2023

CHAPTER FIVE

Summary of Findings, Conclusions, and Recommendations:

In this section, summary of major findings, conclusions inferred from the data analysis in chapter four, and suggested recommendations are illustrated in detail.

5.1. Summary of Findings

Based on the demographic data collected, the analysis indicates that 75.3 % are male respondents whereas the remaining 24.7 % are Female. Majority of respondent were individuals within age range of 30-39 Years old forming 46.7 percent of the total sample with frequency of 70 individuals, compared to the least age range which scored 14.7 percent of the total sample for individuals in the age range of 40-49 Years. Besides, 38 percent of the total sample was in the 20-29 years old with frequency of 58 individuals. of 1-3 years forming 62.7 percent of the sample followed by those who had work experience of 4-6 Years forming 20.7 percent of the sample , 7 -10 years forming 14 percent of the total sample and the remaining have experience of below one year in the bank forming 2.7 percent of the total sample respondents.

Concerning with the arithmetic mean generated by the descriptive statistics, it shows that compensation (mean=3.53), Job security (mean=2.98), Training and development (mean=3.57), Supervisors support culture (mean=3.62), Working Environment (3.58), Organizational justice (mean= 3.26) and employees commitment (mean = 3.57). Among the independent variables, Supervisors support culture (mean=3.62) is found to have the largest mean value of the respondents responses.

Regarding the values generated in the Pearson correlation, compensation ($r=.568^{**}$, $P<0.01$), Training and development ($r=.346^{**}$, $P<0.01$), training and development ($r=.489$, $P<0.01$), supervisor support culture ($r= .789^{**}$, $P<0.01$), work environment ($r=.220^{**}$, $P<0.01$), and organizational justice($r=.593^{**}$, $P<0.01$) are significantly and positively correlated with organizational commitment in our case company. However, Job security ($r =.032$, $P>0.01$) is correlated positively, but insignificantly.

Analysis conducted under the multiple regression showed that job security, training and development...etc explains 73% ($R^2 = .730$) of the dependent variable (Organizational Commitment). This suggests that 73 % of employees' organizational commitment level in the bank clearly depends on the independent variables while the remaining 27 % is determined by other unaccounted factors.

Pertaining with the statistical significance of each variable from the above coefficients of table 4-14, Compensation (X1) (Sig. = .000), Supervisors Support(X4) (Sig. = .000), and Organizational Justice (X6) (Sig. = .018) have a statistically significant contribution (Sig<.05) for the prediction of the dependent variable while Job security (X2) (Sig. = .640), Training & Development (X3) (Sig. = .549) and Work environment (X5) (Sig. = .103) did not make any significant prediction in case of this study.

5.2. Conclusion

From the analysis results, it is evident that retention policies are very important factors in order to enhance the commitment of the employees of the study area. Hence, it can be concluded that retention policies are very important determinants of employees' organizational commitment for Awash bank to achieve the objectives.

The perception of employees on retention strategies and employees' organizational commitment of the Bank, the relationship between retention strategies and employees' organizational commitment and the effects of retention strategies by the Bank on its employees' organizational commitment.

It is concluded that each independent variable has a positive correlation with the dependent variable (employees' organizational commitment). Thus, in overall analysis, the independent variables explain 73 % of the dependent variable which is very consistent with the researcher's initial assumption.

Among the independent variables, supervisors support makes the strongest unique contribution to explaining the dependent variable followed by supervisor support culture and training and development. Hence, a change in the above said variables will result in a substantial change on the dependent variable.

5.3. Recommendations

Based on the findings of the study, the researcher would like to forward the following recommendations.

The bank has a very advantageous composition of educational qualification with a majority of employees having a service period of one to two years. Thus, the management of the bank should seriously consider investing more on its employees in areas of all independent variables in improved benefit packages, in improving employees issues of job security by helping them form their own employee union, improving the working conditions to suit its employees starting from office furniture, coffee & tea to clean and attractive work place... etc so that the productive age and educational level of its employees can be put to better use for the good of the company as well as its stakeholders.

Even though the bank offers various retention programs, its effect on employees in eliciting their commitment has not been materialized. Thus, the management of the bank should focus on the how to improve compensation, supervisor support culture, work environment, and organizational justice. To do so, the organization needs to focus on: assessing the overall compensation strategy that is currently being practiced in the industry and by taking that as a benchmark lay down a better compensation scheme, if not an equivalent one. Conduct need assessment to identify gaps between expected supervisors support culture and the actual practice and address the gap with training and skill updates. Work on employees' perceived organizational injustice and identify the root cause in order to create a sensible organizational justice.

Immediate supervisors need to be trained to act as coaches and encourage support culture not only from top bottom but also among employees. To this effect, the management should plan and execute various social events and gatherings such as employees' day, bring your children to work day, sport competitions'...etc so that employees' gets acquainted with one another and also with their bosses on a personal level. This friendly social gathering will create a kind of harmonious work relationship between employees and with their immediate supervisors.

5.4. Implications for further Research

This study is conducted only on data collected from Awash Bank , in selected branches of Hawassa City.However, the essence of employees' organizational commitment needs to be researched in all types of industries since it has the potential to help a company to go above and beyond the norms. Moreover, since the research is conducted using a five point likert scale for employees and an interview for HR staffs', respondents might have answered questions being in a state of emotional detachment or for the sake of giving a socially desirable answer. Thus, the research needs to be further strengthened using critical combination of various data collection tools.

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Appendices



Hawassa University
College of Business and Economics
Department of Management

Dear Respondents,

My Name is Belaynesh Hansaro , I would like to thank you in advance for your willingness and cooperation in filling this questionnaire devoting your valuable time.

I am conducting a research on “The Effect of Staff Retention Policies On Employees Organizational Commitment: The Case of Awash International Bank Branches in Hawassa City” in partial fulfillment for my Masters of Business Administration in Human Resource Management. Accordingly, I would like you to give your views as honestly and rationally as possible so that your fair and expert feedback will make this research a successful one.

I assure you that the information you provide will be kept confidential and will only be utilized for the study purpose.

Part One: Demographic Question

Please put a check (✓) mark just inside the given box in front of each alternative.

Part I. Background Information

➤ Please put a “✓” mark on your choices

1. Sex Male Female
2. Age group. Below 20 years 20 – 29 30 -39 40 -49 50 and above
3. Marital Status: Single Married Divorced widowed
4. The highest level of education you achieved

Below Diploma College Diploma First Degree Masters and above

5. For how many years you have you worked in this bank?

Below 1 year 1 – 3 4 -6 7 -10 above 10

Part Two: Retention Factors Questionnaire

Please put (√) mark against each question that indicate your level of agreement for each question.

5= Strongly Agree, 4 =Agree, 3= Neutral, 2= Disagree, 1=Strongly Disagree

S.N o	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Compensation		5	4	3	2	1
1	I feel I am being paid a fair amount for the work I do					
2	I feel my payments are enough to support my life style					
3	I feel there are sufficient types of benefits (e.g. Health care benefits, Tuition fee sponsorship...etc)					
4	I feel satisfied with my chances for salary increments					
5	If I perform my work well, I can get more money (in the form of bonus, Overtime...etc)					
6	I earn the same as or more than other people in a similar job					
7	All tasks to be accomplished are associated with incentives					
Job Security		5	4	3	2	1
1	I feel very secured in my present job					
2	My fellow team members also feel secure with their present job					
3	The company has a policy to sack (layoff) employees that do not meet the set target					
4	I feel my job is secured as long as I achieve the set target					
Training and Development		5	4	3	2	1

1	When employees arrive from training, supervisors encourage them to share what they have learned with other employees					
2	My organization links training and development with our company business strategy					
3	My organization has full-fledged training and development department manned with competent professionals					
4	Supervisors give employees the chance to tryout their training on the job immediately					
5	Job aids(resources or technology) are available on the job to support what employees learned in training					
6	Supervisors make sure that employees have the opportunity to use their training immediately					
7	Employees who use their training are given preference for new assignments					
Supervisor Support Culture		5	4	3	2	1
1	My immediate supervisor is impartial					
2	My immediate supervisor gives me feedback that helps me improve my performance.					
3	My immediate supervisor follows through on commitments					
4	I receive coaching and training from my immediate supervisor					
5	I receive credit from my immediate supervisor for a job well done					
6	I feel my job performance is fairly evaluated.					
7	My immediate supervisor tries to understand my point of view when he or she discusses problems or projects with me					
Work Environment		5	4	3	2	1
1	The physical working conditions (e.g., heating, ventilation, layout, cleanliness) are very good					
2	Individual differences are respected here (e.g. religion, gender, race Educational background,...etc.)					
3	The culture and emotional climate of the company is generally					

	positive and supportive					
4	I believe in and take pride in my work and my workplace					
5	At work, I am accepted for the person I am					
6	The rewards for success are greater than the penalties for failure					
7	I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings by the upper administration					
Organizational Justice		5	4	3	2	1
1	I feel my rewards are fair when compared to those who work the same level of work as I do					
2	My company keeps rewards given to each employee as a secret					
3	In my company, I believe there is a fair distribution of rewards and benefits					
4	I believe I have access to Information regarding distribution of benefits and rewards for my understanding and comparison					
5	I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration					
6	I believe I am being treated with the necessary dignity and respect					
7	I believe I will try to create justice if I feel there is unfair distribution of benefits and rewards					
Organizational Commitment		5	4	3	2	1
1	I would be very happy to spend the rest of my career with this organization					
2	This organization has a great deal of personal meaning for me					
3	I enjoy discussing about my organization with people outside it					
4	Too much in my life would be disrupted if I decided to leave my Organization now.					
5	It would be very hard for me to leave my organization right now, even if I wanted to					
6	Right now, staying with my organization is a matter of necessity as Much as desire.					
7	I feel that I owe this organization quite a bit because of what it has done for me					

8	If I got another offer for a better job elsewhere, I would not feel right to leave my organization				
9	One of the major reasons I continue to work in this organization is because I feel a sense of moral obligation to remain				

Thank you for your cooperation.

Interview Questions

1. Does the bank have any retention programs extended to its employees? if so How?
2. What employee retention programs does the bank currently practice?
3. What are the eligibility criteria so as to benefit from such retention programs?
4. What is the management expecting to gain out of the current practice of employee retention programs being implemented in the bank?

Communalities

	Initial	Extraction
		n
I feel I am being paid a fair amount for the work I do	1.000	.888
I feel my payments are enough to support my life style	1.000	.872
I feel there are sufficient types of benefits (e.g. Health care benefits, Tuition fee sponsorship...etc)	1.000	.872
I feel satisfied with my chances for salary increments	1.000	.925
If I perform my work well, I can get more money (in the form of bonus, Overtime...etc)	1.000	.886
I earn the same as or more than other people in a similar job	1.000	.919
All tasks to be accomplished are associated with incentives	1.000	.850

I feel very secured in my present job	1.000	.862
My fellow team members also feel secure with their present job	1.000	.868
The company has a policy to sack (layoff) employees that do not meet the set target	1.000	.926
I feel my job is secured as long as I achieve the set target	1.000	.869
When employees arrive from training, supervisors encourage them to share what they have learned with other employees	1.000	.896
My organization links training and development with our company business strategy	1.000	.889
My organization has full-fledged training and development department manned with competent professionals	1.000	.854

Supervisors give employees the chance to tryout their training on the job immediately	1.000	.972
Job aids(resources or technology) are available on the job to support what employees learned in training	1.000	.897
Supervisors make sure that employees have the opportunity to use their training immediately	1.000	.930
Employees who use their training are given preference for new assignments	1.000	.865
My immediate supervisor is impartial	1.000	.946
My immediate supervisor gives me feedback that helps me improve my performance.	1.000	.832
My immediate supervisor follows through on commitments	1.000	.980

I receive coaching and training from my immediate supervisor	1.000	.904
I receive credit from my immediate supervisor for a job well done	1.000	.905
I feel my job performance is fairly evaluated.	1.000	.689
My immediate supervisor tries to understand my point of view when he or she discusses problems or projects with me	1.000	.870
The physical working conditions (e.g., heating, ventilation, layout, cleanliness) are very good	1.000	.946
Individual differences are respected here (e.g. religion, gender, race Educational background,...etc.)	1.000	.876

The culture and emotional climate of the company is generally positive and supportive	1.000	.946
I believe in and take pride in my work and my workplace	1.000	.832
At work, I am accepted for the person I am	1.000	.980
The rewards for success are greater than the penalties for failure	1.000	.904
I feel accepted and am treated with courtesy, listened to, and invited	1.000	.946
I feel my rewards are fair when compared to those who work the same level of work as I do	1.000	.749
My company keeps rewards given to each employee as a secret	1.000	.845
In my company, I believe there is a fair distribution of rewards and benefits	1.000	.864

I believe I have access to Information regarding distribution of benefits and rewards for my understanding and comparison	1.000	.920
I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration	1.000	.896
I believe I am being treated with the necessary dignity and respect	1.000	.841
I believe I will try to create justice if I feel there is unfair distribution of benefits and rewards	1.000	.902
I would be very happy to spend the rest of my career with this organization	1.000	.711
This organization has a great deal of personal meaning for me	1.000	.854

I enjoy discussing about my organization with people outside it	1.000	.946
Too much in my life would be disrupted if I decided to leave my Organization now.	1.000	.721
It would be very hard for me to leave my organization right now,even if I wanted to	1.000	.811
Right now, staying with my organization is a matter of necessity as Much as desire.	1.000	.732
I feel that I owe this organization quite a bit because of what it has done for me	1.000	.881

Extraction Method: Principal Component Analysis.