

# FACTORS AFFECTING EMPLOYEE RETENTION IN ETHIOPIAN PUBLIC ORGANIZATIONS

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**Abstract:** *Employee retention is the process in which employers take steps to prevent the job switching of their key talents. This paper examines the total effect of co-worker relationship, work environment, remuneration job satisfaction, and organizational commitment on employee retention using data from 297 employees holding a position of professional science (PS) from headquarters of public ministerial offices in Ethiopia. The study is quantitative in its approach and explanatory in its design. The analyses of the descriptive statistics revealed that the respondents expressed their satisfaction on their co-worker relationships, working environment, and their jobs. They also expressed average level organizational commitment. However, they expressed dissatisfaction on the remuneration practice of their respective organizations. The correlation analysis results have shown that co-worker relationship, work environment, remuneration, and job satisfaction have weak but positive relationships with employee retention. In other respect, organizational commitment has positive moderate relationship with employee retention. The explanatory power of employee retention factors as shown by adjusted R square is ( $R = .278$ ), indicating that 27.8% of the variation in employee's retention is explained by factors that are considered as influencing factors for present study. From the analyses of the study, it can be concluded that factors that are considered in the present study explain significantly employee retention. Hence, organizations need to pay attention to those influencing factors to retain their key talents. Given the limited number of studies on this topic in the context of Ethiopia, this study may be a herald for a much rigorous study.*

**Keywords:** *Employee Retention, Ethiopia, Public Organizations*

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## BACKGROUND OF THE STUDY

Organizations attract the right kind of employees through hostile employment processes. However, it is more important for managers to device strategies to retain talented employees to benefit from the investment already made in them. The loss of talented employees may be very damaging to the organization's future success. Retention of employees can be a fundamental source of competitive advantage for any organization. As stated by Devi (2009), creating a retention-rich organization that attracts, engages, and builds lasting loyalty among the most talented employees is a key to success in the modern globalized economy. Many authorities confirmed that failure to retain talent and high employee turnover have taken a significant financial toll on organizations across the world for decades (Allen et al., 2010; Ortlieb and Sieben, 2012). Therefore, organizations must develop strategies on how to retain their employees. Hughes and Rog (2008) stated that while the direct costs associated with the loss of an investment in hiring and training new employees are a problem, the indirect costs

associated with the loss of organizational memory and know-how, and the tacit knowledge that employees take with them upon departure are the organizations' most crucial concerns.

Organizations adopt a variety of healthy workplace practices to retain key talents such as creating conducive work environment, employees involvement decision-making process, growth and career development opportunities, providing a work-life balance, providing adequate pay, and introducing variety employee welfare programs. Although the relationships of such factors on retaining talented employees have been extensively investigated, the factors contributing for retaining employees is largely identified based on studies conducted in Western and Asian societies, which potentially injects certain cultural bias in African organizations like Ethiopia.

The Federal Democratic Government of Ethiopia's prime objective is to generate and sustain a robust and broad based economic growth through the most productive use of its human capital (FDRE, 1995). The human resource management is one of the challenges in implementing the

reform agenda and therefore it demands well-articulated study on how to retain productive workforces in public sectors. In other respect, most of the limited literatures available in the area of human resource management in the context of Ethiopian focus on employee turnover intension (Ayalew, et al., 2015; Ibrahim, et al., 2017). This study targeted to examine the factors that influence employee retention in public sector organization in Ethiopia. Therefore, this study targeted to show the effect of co-worker relationships, working environment, compensation plans, job satisfaction, and employee commitment on employee retention.

## PROBLEM STATEMENT

Despite the vast literature on employee turnover much less is known about the factors that compel employees to stay. According to Reitz and Anderson (2011), the “reasons why a person stays at a job are not the reverse of the reasons why that same person might leave”. Steel et al., (2002) added that the fact that it is often overlooked, the reasons people stay are not always the same as the reasons people leave. As Cardy and Lengnick-Hall (2011) stated, much attention has focused on “will they go” or turnover with far less attention having been paid to “will they stay” or “why do they stay”. Loan et al. (2010) describe retention as “an almost untouched research topic”.

Employee retention is a vital issue and challenge to all the organizations nowadays. There are numbers of factors, which promote the employees to stay or leave the organization. It may be external factors, internal factors or the combined effect of both. Failed to retain talented employees is a common problem in most of public organizations in Ethiopia based on preliminary investigation by the Researcher. Despite the fact that many studies have been done to establish factors leading to employee staying or leaving the organizations, employee retention is untouched research agenda in the Ethiopian context. Therefore, the purpose of this study is to fill a research gap in the area of human resource management as well as showing the magnitude of retention influencing factors for public administrators. Therefore, the present study targeted to answer the following basic questions.

## RESEARCH QUESTIONS

1. What factors are contributing for employee retention in Ethiopian public organizations?
2. To what extent do retention-influencing factors relate to employee retention?
3. What is the aggregate effect of retention-influencing factors on employee retention?

## LITERATURE REVIEW

Retention is defined as keeping your employees more than your competitors (Johnson, 2000). Retention is considered in all aspects of an organization’s human resource strategies. It begins with employing the right people and continues with keeping them engaged and committed to the organization (Freyermuth, 2004). Authorities in the area of human resource management identified several factors that affect employee retention. In the next sections of this study, factors that influence employee retention will be examined and subsequent hypotheses related to the literatures will be drawn.

## CO-WORKER RELATIONSHIP AND EMPLOYEE RETENTION

Researchers like Jasper (2007) and Pitts et al. (2011) stated that one of the most frequent reasons given employees leaving their job was workplace stressors because of the relationship among colleagues. Pitts et al. (2011) further stated that employees’ satisfaction with their relationships with other employees is related to employee retention. Kooker et al. (2007) and Paillé (2013) also noted that helping others or receiving help from others are one of the retentions factors. Allen et al. (2010) also emphasized organizations with better relationships between employees and management/supervision were found to be more likely to retain their talent than those with strained relationships. Brown et al. (2002) and Ng and Sorensen (2008) stated that colleague support was most related to retention. Other studies such as Kaye and Jordan-Evans (2002) and Ghapanchi and Aurum, (2011) cite the importance of positive relationships with colleagues and having “great co-workers”. Based on the discussions made in this section, the study proposed hypothesis no. 1 as follows:

H1: Increased co-worker relationship has significant relationship with employee retention.

## Work Environment and Employee Retention

Workplace environment includes the physical elements around the work area of an employee and all things that form part of the employee’s involvement with the work itself. Horwitz et al. (2003) argue that a work place should be a “fun” place to work if key workers are to be retained. As stated by George (2015) an environment conducive to employee retention is one where the working experience is a pleasant one, the resources are adequate and there is some degree of flexibility. Therefore, the key features

of conducive work environment would be explained by the availability of sufficient resources to perform the job, flexibility and a pleasant or fun place to work. Firms with generous personalization policies may have better chance to satisfy and retain employees by providing appropriate level of privacy and sound control on workspace, which enhances the motivation levels to commit with the organization for the long term (Wells and Thelen, 2002). According to Miller et al. (2001), employees are benefited by work environment that provides a sense of belonging. Thus, organization, which provides conducive work environment, crates a good sense of belongingness that results in employee retention. Hence, the second proposed hypothesis is stated as follows:

H2: Good working environment has significant relationship with employee retention.

### Remuneration and Employee Retention

The provision of an attractive remuneration package is one of the most widely discussed retention factors since employees fulfil their financial, material needs and secure social recognition through remuneration. Remuneration is considered the most important factor for attracting and retaining the talent (Willis, 2000). Compensation remains a tactic used by many organizations to commit their employees to the organization (Cappelli, 2001; Mitchell et al., 2001). Bogdanowicz and Bailey (2002) noted that organizations try to provide their workforce benefits and a holistic motive to stick to the current organization and making the decision to leave the organization difficult and pointless. Kinnear & Sutherland, (2001) and Maertz & Griffeth, (2004) stated that factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were reported by employees as key motivational variables that influenced their retention in the organizations. Due to the trend towards benchmarking, it is becoming increasingly difficult for organizations to set themselves apart from their competitors by means of remuneration, which reduces the impact of financial rewards on employee retention (Cappelli, 2001). Benson and Brown, (2007) stated that the most popular retention strategies reported by HR managers is related to compensation. Hence, the 3<sup>rd</sup> hypothesis proposed as:

H3: Increased remuneration has significant relationship with employee retention.

### Job Satisfaction and Employee Retention

Job satisfaction refers to the attitude concerning one's work and its aspects (Griffin and Bateman, 1986). Thus, it may

be argued that when a job provides employees with an opportunity to stretch their capabilities, experience a sense of personal choice and freedom when carrying out work-related activities, they are likely to be more satisfied with their jobs. Hence, it may be argued that employees who are satisfied with their jobs are also likely to have higher commitment to the organization, which ultimately leads to a high level of employee retention. Job satisfaction not only improves the retention of employees, but also reduces the cost of hiring new employees (Heneman and Judge, 2003). Carsten and Spector (1987) conducted a meta-analysis to find the relationship between job satisfaction and turnover and found a negative correlation between both the variables. Harrington et al. (2000) examined the various predictors of intentions to leave a job and observed that emotional exhaustion; lower levels of intrinsic job satisfaction and dissatisfaction with salary and promotional opportunities were the main predictors. Therefore, the 4<sup>th</sup> proposed hypothesis is:

H4: Increased job satisfaction has significant relationship with employee retention.

### Organizational Commitment and Employee Retention

Organizational commitment refers to an affective attachment to an organization along with a favourable decision to work within that organization and the intent to continue working in the organization (Porter, Steers, & Mowday, 1974). The literature is in agreement in that where employees' organizational commitment is high, the likelihood of retention is high. On the other hand, if the employees' organizational commitment is low, the likelihood of retention is low (Barling & Cooper, 2008). Mowday, Porter, and Steers (1982) defined organizational commitment as a strong belief in and acceptance of the organization's goals and values a willing to exert considerable effort on behalf of the organization along with a strong desire to maintain membership in the organization. Employees with strong commitment continue employment with the organization because they want to do so. Thus, the 5<sup>th</sup> hypothesis proposed is:

H5: Increased organizational commitment has significant relationship with employee retention.

### Aggregate Effect of Influencing factors on Employee Retention

Allen et al. (2010) highlighted the role of organizational commitment, job satisfaction relationship among co-workers

and the relationship with immediate supervisors as important retention factors. He emphasized organizations with better relationships between employees and management/supervision were found to be more likely to retain their talent than those with strained relationships. Govaerts et al. (2011) found that the existence of challenging work, opportunities for advancement, high compensation packages, and learning opportunities are retention factors. Therefore, the

last hypothesis targeted to test the aggregate effect of co-worker relationship, work environment, compensation plan, job satisfaction, and employee commitment on employee retention. Therefore, the 6<sup>th</sup> hypothesis proposed is:

H6: Co-worker relationship, work environment, compensation, job satisfaction and organizational commitment had a significant effect on employee retention.

## CONCEPTUAL FRAME WORK

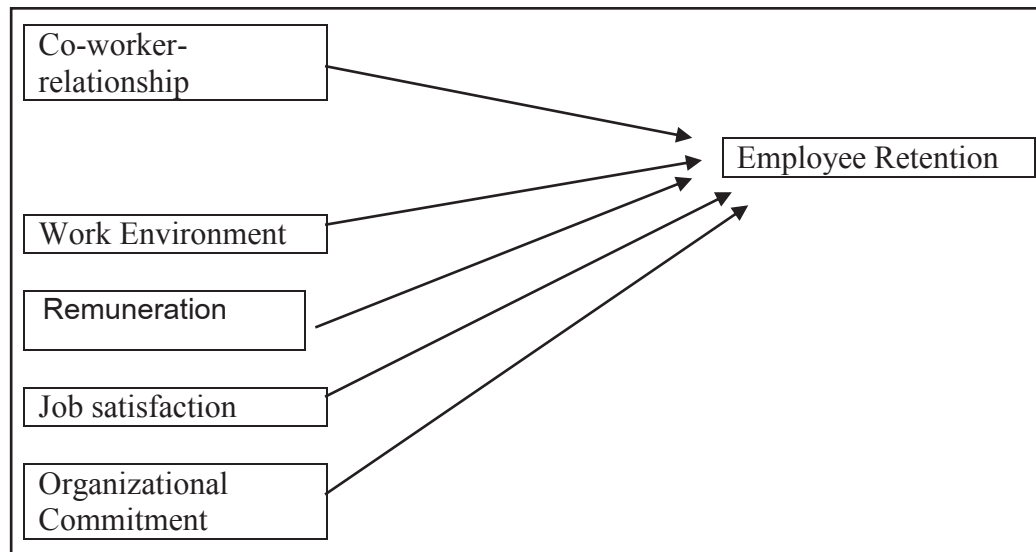


Fig. 1: Conceptual Framework Developed by the Author

The study assumed that human resource management efforts such as co-worker relationship, conducive work environment, remuneration, job satisfaction and organizational commitment could be used as a predictor of employee retention. The above-discussed model depicted that influencing factors were considered independent variables and the employee retention was considered dependent variable.

## RESEARCH METHODOLOGY

### Description of the Study Area

Ethiopia, with total area of 1,103,609 square meters located at the horn of Africa, its plateau covers 2/3 of the country. According to CSA, the total population in the census survey of 2017 is projected to be 94,351,001 of which 47,364,009 would be males and 46,986,992 would be females. Ethiopia is federal government and had nine regional administration and two city regions. There are 17,200 employees that hold positions classified as professional at the federal offices (NPSHRS, 2008/16).

### Research Design

The design of the study is an explanatory type in its nature. The study employed quantitative data to explore the effect influencing factors on employees' tendency to be retained in their respective organizations. As explained by Miles & Huberman (1994) in quantitative research, the researcher tends to remain objectively separated from the subject matter.

### Population and Sampling Procedure

The ideal populations considered for this study are employees working in public enterprises in Ethiopia. Samples were selected from cluster of professional employees' category on proportionate quota-sampling technique based on their availability at the headquarters of the public ministerial offices located at Addis Ababa. 11 ministerial offices were considered as a sampling a study. They are employing 6,947 employees at their headquarters. 13% of them are holding a position classified as professional (NPSHRS 2008/16). The sampling technique was cluster sampling as the technique is used to sample from professional category employees,

which were considered as a cluster. As stated by Sekaran (2003), a sample size larger than 30 and less than 500 is usually appropriate for most researchers and valid to be analysed using general statistical tools. Accordingly, 350 number of questionnaire targeted professional employees at headquarters of the ministries were distributed. 297 (85%) respondents properly filled and returned the questionnaires.

### Instruments and Methods of Data Collection

Questionnaires were constructed in line with relevant literature in the area of the study. The reliability of the questionnaires was tested using alpha Cronbach's test. A result of ( $\alpha=0.85$ ) was obtained and found at accepted level for this type of studies. The collected data were processed using SPSS version 20. Descriptive statistics such as percentages, mean, and standard deviation were used to show the present status of retention influencing factors. To show the level of relationships in between influencing factors and employee relations, Pearson's correlation coefficients were used. To show the effect of influencing factors on employment retention, linear regression was performed. The study considered the following model in order to show the explanatory power of the influencing factors on employment retention.

### Model Specifications

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

where:

Y = employee retention

$\alpha$  = smoothing constant

$\beta$  = coefficient of independent variables

X1...X5= independent variables

$\epsilon$  = standard error

## RESULTS AND DISCUSSION

### Demographic Characteristics of the Respondents

The respondents were drawn from the Head Office of Public Ministries in Ethiopia. All were employees holding professional positions in public ministerial offices. Accordingly, 297 employees properly filled the questionnaires and returned. The demographic characteristics of the respondents are shown in Table 1.

**Table 1: Demographic Information of the Respondents**

Items	Frequency	Percentage (%)	
Gender	Male	207	69.7
	Female	90	30.3
	Total	297	100.0
Age	20-30	159	53.5
	31-40	92	31.0
	41-50	23	7.7
	51-60	22	7.4
	Over 60	1	3
	Total	297	100.0%
Service years	1-5	158	53.2
	6-10	54	18.2
	11-15	32	10.8
	16-20	10	3.4
	Over 21	8	2.7
	Total		
Educational qualification	Diploma	45	15.2
	First degree	214	72.1
	Masters	30	10.1
	Others	8	2.7
	Total	297	100.0

Source: Questionnaire

As shown in Table 1, the majority of the sampled employees are male (69.7%) which is a common fact as observed in many organizations in Ethiopia. Age-wise, the majority of the respondents fall in the age category of 20-30 implying that most of them are youngsters. In terms of the years, they served the organization the majority of them served their respective organization for 1 to 5 years implying that the dominant groups are lesser-experienced employees. The level of their educational qualification shows that the majority (72.1%) of them are qualified with first degree.

### Factors that Influence Employee Retention

In an attempt to better retain talent, previous studies have identified several factors that have an influence on management and retention initiatives. Allen et al. (2010),

Steel et al. (2002), and Govaerts et al. (2011) highlighted the role of organizational commitment and job satisfaction, presence of training, educational opportunities, and upward mobility as important retention factors. These factors may be tangible or intangible, actual or perceived. Accordingly, the factors that may have an impact on employees' retention include co-worker relationships, work environment, remuneration, job satisfaction, and organizational commitment. The respondents were requested to rate each item using v-rating scale points, ranging from strongly agree to strongly disagree. The following statistics are used in interpreting the results of the study: 1.00 – 1.80 Strongly Disagree/Very dissatisfied, 1.81 – 2.60 Disagree/Dissatisfied, 2.61 – 3.40 Moderate agreement/moderately satisfied, 3.41 – 4.20 Agree/Satisfied, 4.21 – 5.00 Strongly agree/Very satisfied. Table 2 shows the descriptive statistics report of factors influencing employee retention.

**Table 2: Employee Retention Factors**

Items	N	Mean	Std. Deviation	Skewness	Kurtosis
Co-worker Relationship	290	4.1310	.70916	-1.034	1.138
Work Environment	286	3.5804	1.02119	-.365	-.874
Remuneration	282	2.4953	.96159	.292	-.530
Job Satisfaction	294	3.4116	.87062	-.453	-.021
Employee Commitment	266	3.2970	.64559	.192	-.143
Employee Retention	249	3.6058	.71308	-.334	-.037

Source: Questionnaire

Respondents were asked to rate 30 items of the questionnaire divided into sections pertaining to employee retention influencing factors targeted to assess their perception. The items were sub divided in terms of questions related to co-worker relationship, work environment, remuneration, job satisfaction and commitment of employees. The level of employee's intension to retain on their present employment was also assessed based on three v-scaled questions. The results of standard deviation, skewness and kurtosis revealed the normality of the distribution of responses as all are within the normal range.

As shown in Table 2, the mean average of respondents' perception as related to their coworker relationship is 4.131 with standard deviation of 1.003. This result revealed that the respondents satisfaction on their co-worker relationship implying that there are amiable work relationships among employees. Respondents were asked to rate four questions as related to their working environments. The questions were targeted to assess the magnitude of the provision of facilities and equipments by their respective organizations as well as the extent of the conduciveness of policies and guidelines. As shown in Table 2 the mean average of the

items was found to be 3.5804 with standard deviation of 1.02119 implying their expression of satisfaction on the prevailing working environment.

The third item shows the perception of employees towards remuneration plan of their respective organizations. This section targeted to assess the degree of employees' satisfaction on their salary, benefits and provision other incentives. The respondents were asked to rate 3 items related to remuneration from the questionnaire. The mean average of the items as shown in Table 2 was found to be 2.4953 with standard deviation of .96159 implying the respondents' dissatisfaction on the remuneration plan of the organizations.

The fourth item in Table 2 shows the level of employees' satisfaction on their present job. The mean of the items related to job satisfaction was 3.4116 with a standard deviation of .87062 implying employees' satisfaction on their present jobs. Respondents' level of employment commitment were assessed by letting them rate seven questions related to employee's value commitment and five questions related to employee's effort commitment. The mean average rating

was 3.2970 with a standard deviation of .64559 implying moderate level of respondents' employment commitment.

The extent to which employees need to continue working with their present organization or being retained in their present employment was assessed by letting the respondents' rate three questions. The group average mean of the variable was 3.6058 with a standard deviation of .71308. This implies that the respondents were agreed to continue working for their present employers.

## Relationships between Influencing Factors and Employee Retention

In order to show the relationships between working environment, job satisfaction, compensation, employment commitment with employment retention, a Pearson's correlation coefficients was used to test the level of their relationship. The results were analysed based on correlation analysis formula shown as follows:  $-1$  to  $-0.5$  or  $1.0$  to  $0.5$  strong,  $-0.5$  to  $-0.3$  or  $0.3$  to  $0.5$  moderate,  $-0.3$  to  $-0.1$  or  $0.1$  to  $0.3$  weak, and  $-0.1$  to  $0.1$  none or very weak.

**Table 3: Relationships between Influencing Factors and Employee Retention**

ITEMS	Co-worker relationships	Work Environment	Remuneration	Job satisfaction	Work Commitment	Retention
Co-worker relationships	1	.373**	.908	.223**	.192**	.271**
Working Environment	.373**	1	.237**	.236**	.513**	.221**
Remuneration	.908	.237**	1	.513**	.333**	.231**
Job Satisfaction	.223**	.236**	.513**	1	.430**	.140*
Organizational Commitment	.192**	.513**	.333**	.430**	1	.439**
Employee Retention	.271**	.221**	.231**	.140*	.439**	1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Questionnaire

The results obtained were summarized in matrix form as shown in Table 3. The effect that might arise as the result of demographic characteristics of the employees was made a controlled factor for the purpose of this study. As shown in Table 3, co-worker relationships, working environment, remuneration, job satisfaction, and employee commitment have positive weak significant relationships with employee's job satisfaction. ( $r = .271$ ,  $r = .221$ ,  $r = .231$ , and  $r = .140$ , respectively, at significant level of 0.05). In other respect, employee commitment has positive moderate relationship with employee retention. ( $r = .439$  at significant level of 0.05). Accordingly, all the hypotheses proposed were accepted as all were stating the factors have significant relationship with employee retention. The summary of the hypotheses is shown at the end of this section.

The next section discusses the output of the regression analysis in order to show the magnitude of influencing factors on employee retention. Primarily, the fitness of the model was checked as shown in the next section.

## Test of Model Fit

Before considering the model, test of model fit was made based on the key assumptions of multiple regressions proposed by Kothari (2004).

## Multi-Collinearity

One of the key assumptions is that the independent variables are not highly correlated with each other or there should be no multi-collinearity problem. This assumption is tested using Variance Inflation Factor (VIF) values. As shown in Table 4, the independent variables are not highly correlated with each other as VIF values for all items is below 2 implying no multi-collinearity problem among the independent variables.

**Table 4: Multi-Collinearity Analysis**

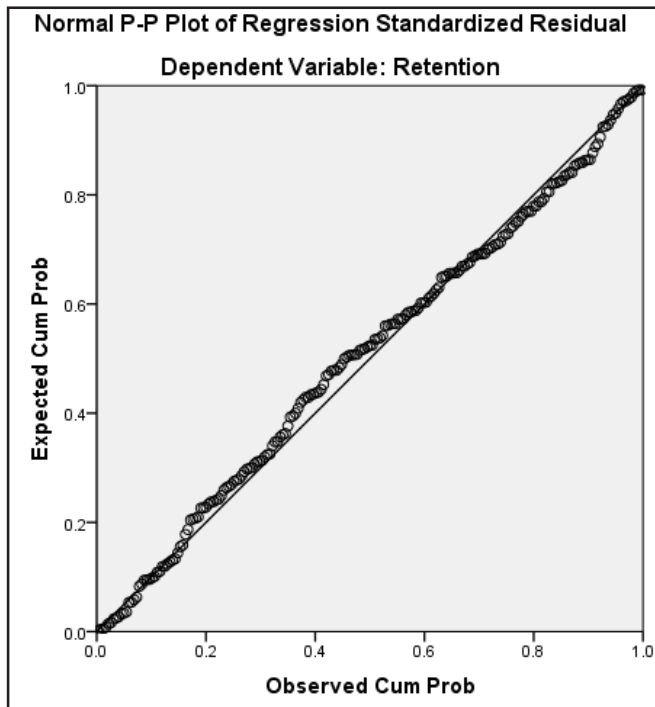
Variables		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Co-worker relationships	.743	1.346
	Work environment	.624	1.603
	Remuneration	.689	1.451
	Job satisfaction	.590	1.695
	Organizational commitment	.605	1.652

a. Dependent Variable: Retention

Source: Questionnaire

**Homoscedasticity**

The second test was made on homoscedasticity of the independent variables. This assumption states that the variance of error terms are similar across the values of the independent variables. A plot of standardized residuals versus predicted values can show whether points are equally distributed across all values of the independent variables. As shown in Figure 2, all the plots are equally distributed hence there is no homoscedasticity problem.

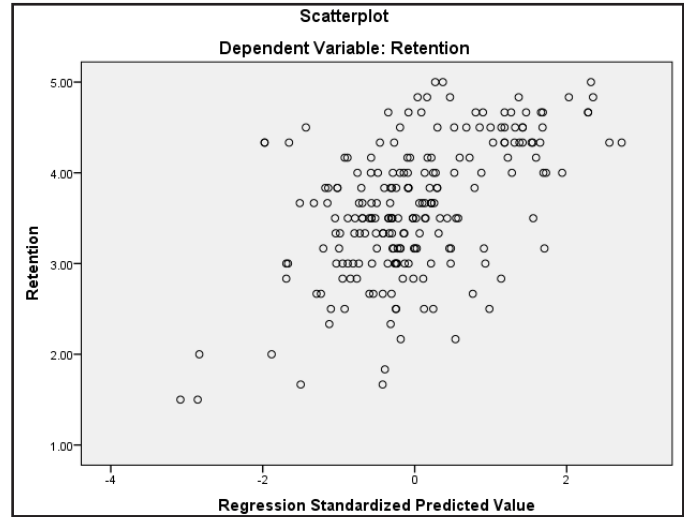


Source: Questionnaire

**Fig. 2: Plot of Standard Residual**

**Linear Relationship**

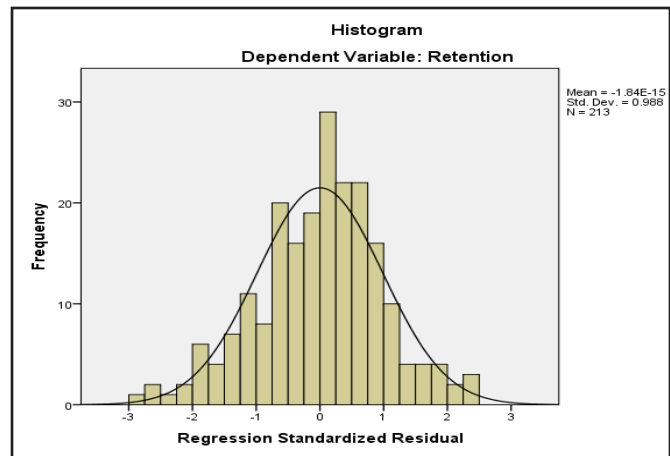
Scatter plots made the test of linear relationship as shown figure 2. The scatter plots shown in Figure 2 show the existence of linear relationship between the outcome variable and the independent variables.



**Fig. 3: Scatter plot**

**Multivariate Normality**

The normality of the distribution of the independent variables was shown in histogram shown in Figure 2. The test of multivariate normality as shown in histogram clearly shows the residuals are normally distributed. Hence, the data met the assumption of multivariate normality of the independent variables.



Source: Questionnaire

**Fig. 4: Histogram**

Based on the discussion made in test of model fit, all the key assumptions of multivariate linear regression are met. Accordingly, the model summary of the effect of influencing factors identified on employee retention is shown in Table 5.

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 <sup>a</sup>	.295	.278	.62991
Predictors: (Constant), Commitment, Co-worker, Remuneration, environment, satisfaction				
Source: Questionnaire				

The model summary shown in Table 5 shows that the cumulative effect of co-worker relationship, working environment, remuneration plan, job satisfaction, and employee commitment on employees' retention. As shown in the model summary, the adjusted R square result is .278. This indicates that 27.8% of the employees' tendency to be retained in their present employment have significantly explained by working environment, compensation plan, job satisfaction, and employee commitment. Accordingly, the last hypothesis, which stated as — H6: Co-worker relationship, work environment, remuneration job satisfaction and organizational commitment significantly explain employee retention — has been accepted. The coefficients of the independent variables are shown in Table 6.

**Table 6: Coefficients**

	Variables	Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.254	.295		4.244	.000
	Co-worker relationships	.240	.066	.244	3.610	.000
	Work environment	-.098	.053	-.136	-1.834	.068
	Remuneration	.133	.057	.164	2.339	.020
	Job satisfaction	-.189	.061	-.238	-3.125	.002
	Organizational commitment	.615	.087	.533	7.106	.000

a. Dependent Variable: Retention

As shown in Table 6, the standardized coefficients Beta value of the independent variables, i.e., co-worker relationship, working environment, remuneration, job satisfaction, and employee commitments is .244, -.136, .164, -.238, and .533, respectively. These show their relative effects on employee retention. Employee commitments have more relative values, followed by co-worker relationships. Based on the findings shown in Table 6, the regression equation can be described as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Therefore, employee retention can be predicted based on the following equation.

$$Y = 1.254 + .244X_1 - .136X_2 + .164X_3 - .238X_4 + .533X_5 + .295$$

where:

Y= employee retention

the value of  $\alpha$  (smoothing constant) = 1.254

Coefficient or  $\beta_1$  (co-worker relationship) = .244

Coefficient or  $\beta_2$  (working environment) = -.136

Coefficient or  $\beta_3$  (remuneration) = .164

Coefficient or  $\beta_4$  (job satisfaction) = -.238

Coefficient or  $\beta_5$  (employee commitment) = .533

$\epsilon$  (standard error) = .295

**Summary of the Result of the Hypotheses**

Hypotheses	Decision	Level
H1: Increased co-worker relationship has significant relationship with employee retention	Accepted	Weak
H2: Conducive work environment has significant relationship with employee retention	Accepted	Weak
H3: Increased remuneration plan has significant relationship with employee retention	Accepted	Weak
H4: Increased level of job satisfaction has significant relationship with employee retention.	Accepted	Weak
H5: Increased level of organizational commitment has significant relationship with employee retention	Accepted	Moderate
H6: Co-worker relationship, work environment, compensation, job satisfaction and organizational commitment significantly explains employee retention	Accepted	Weak

## CONCLUDING REMARKS

The Government of Ethiopia has made extra efforts to alter provision of services by the public sector. This can be acknowledged by the number of change efforts, which significantly costs huge sum of money from the government budget. As confirmed by many researchers, increased turnover or turnover intention negatively affects the performance an organization. In other respect, the magnitude of human resource management efforts would be seen on the percentage of work force attracted and retained by the organizations. Therefore, the focus of the study needs to be on how to retain the present employees rather on how to replace the talent that left the organization. This calls for identifications of factors that influence employee retention. The present study identified the relationship of influencing factors such as co-worker relationship, work environment, remuneration, job satisfaction, and organizational commitment with employment retention. The study identified that all the factors have significant relationship with employee retention. Their cumulative effect as shown by regression result revealed that they significantly explain employee retentions.

## SCOPE FOR FUTURE RESEARCH

As the samples of the study were drawn from professional-category employees at the headquarters of public organization, the result of the study cannot be inferred for the rest of public employees in the country. The study only tried to show the effect of co-worker relationship, work environment, remuneration plans, job satisfaction, and organizational commitment on employee retention. As employee retention can be affected in more factors than considered in this study, it calls for an in depth study in other establishments in the country by considering more factors than what has been shown in this study.

## RESEARCH/MANAGERIAL IMPLICATIONS

Most researchers focus on studying employee turnover. In other respect, retention is not the other side of turnover. The present study showed how to keep employees than what make them to go. Particularly, no systematic study has been conducted in the context of Ethiopia on employee retention. The result of the study revealed that the effect of influencing factors on employee retention. Therefore, it is believed that it adds literature on employee-retention factors as well as creates awareness in decision makers on factors influencing employee retention.

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