SKILLED MANPOWER TURNOVER AND ITS MANAGEMENT
The Case of Ethiopian Roads Authority

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By

Solomon Aberra

To

Dr. Shweta Pande

Faculty of Business & Economics
Addis Ababa University
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Addis Ababa University
School of Graduate Studies

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By

Solomon Aberra
Faculty of Business and Economics
MBA Program

Approved by Board of Examiners

_____ Advisor	_____ Signature
_____ Examiner	_____ Signature
_____ Examiner	_____ Signature
_____ Examiner	_____ Signature

Declaration

I, Solomon Aberra, hereby declare that the project entitled SKILLED MANPOWER TURNOVER AND ITS MANAGEMENT, THE CASE OF ETHIOPIAN ROADS AUTHORITY is my original work and has not been presented for a degree in any other university and that all sources of material used for the project have been duly acknowledged.

_____ _____

Name Signature

Certification

This is to certify that Mr. Solomon Aberra has completed his project work entitled SKILLED MANPOWER TURNOVER AND ITS MANAGEMENT, THE CASE OF ETHIOPIAN ROADS AUTHORITY. In my opinion, his project is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Business Administration.

Dr. Shweta Pande
Project Advisor

_____
Signature and Date

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Abstract

Employee turnover is an important and pervasive feature of the labour market. Employee turnover affects both workers and the firms. Workers experience disruption, the need to learn new job-specific skills and find different career prospects. Firms suffer the loss of job-specific skills, disruption in production and incur the costs of hiring and training new workers.

Turnover is a serious and costly problem but it is rarely seen as such by the people who could take action to prevent it. Often they fail to take action partly because departing employees couch their reasons of leaving in cryptic and euphemistic language. They do so because they distrust the company –often one of their reasons for leaving. Many upper managers believe that departing employees are going to a better place, and not leaving an undesirable one-sometimes because that is what they want to believe.

A high level of Labour Turnover could be caused by many factors such as inadequate wage levels leading employees to move to competitors; poor morale and low level of motivation within the workforce; recruiting and seeking the wrong employees in the first place; a buoyant local labour market offering more attractive opportunities to employees and miss-match between employee's personal values, career, goals and plans with the larger corporate culture.

High labour turnover has become a problem for government institutions. Well experienced and qualified professionals leave position they held in government offices. Ethiopia Roads Authority is one of the victims of this high labour turnover. Currently the Ethiopian Roads Authority is facing a frequent turnover of staff, and as such the high turnover is costing the authority in terms of productivity, money and time.

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Chapter One

1-Introduction

1.1 Background of the Project

Labour turnover is an important and pervasive feature of the labour market. (Martin C., 2003:391) Labour turnover affects both workers and the firms. Workers experience disruption, the need to learn new job-specific skills and find different career prospects. Firms suffer the loss of job-specific skills, disruption in production and incur the costs of hiring and training new workers. (http://www.le.ac.uk/economics/research)

Organizations of all types are giving increased attention to a common problem of business-employee turnover. Traditionally an accepted consequence of employing people, turnover is a growing concern to managers and researchers alike because of its escalating costs and detrimental impact on productivity. (Lucas G. H et. al., 1984:34)

Turnover is a serious and costly problem but it is rarely seen as such by the people who could take action to prevent it. Often they fail to take action partly because departing employees couch their reasons of leaving in cryptic and euphemistic language. They do so because they distrust the company –often one of their reasons for leaving. Many upper managers believe that departing employees are going to a better place, and not leaving an undesirable one-sometimes because that is what they want to believe. (Jenkins S., 1988:44)

In a broad sense, turnover refers to the movement into and out of an organization by the workforce. (Flippo E. B., 1980:126) Labour turnover is an important parameter indicating the overall health of an industry or an establishment in terms of wages, industrial relations, working conditions and other welfare facilities provided by the employers to the workers. Higher rate of Labour turnover indicates lack of stability in the labour force. (http://labourbureau.nic.in/Asi203c/chptr-III/lab/labour.htm) An excess movement is undesirable and expensive. (Flippo E. B., 1980:126)

High Labour Turnover causes problems for a business. It is costly, lowers productivity and morale and tends to get worse if not dealt with. (http://labourbureau.nic.in/Asi203c/chptr-III/lab/labour.htm) Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees employed during that period. (http://www.wisegeek.com/what-is-employee-turnover.htm)

A high level of Labour Turnover could be caused by many factors:

- Inadequate wage levels leading to employees moving to competitors,
- Poor morale and low level of motivation within the workforce,
- Recruiting and seeking the wrong employees in the first place, meaning they seek more suitable employment,
- A buoyant local labour market offering more attractive opportunities to employees, (http://labourbureau.nic.in/Asi203c/chptr-III/lab/labour.htm) and
- Miss-match between employee's personal values, career, goals and plans with the larger corporate culture.

Employee turnover can involve substantial costs, only some of which may be readily apparent to the organization. Most obviously, the organization probably has major recruitment, selection, and training costs associated with hiring replacement employees. (Clark-Rayner , P. & Harcourt , M. ,2000) When a company replaces a worker, the company incurs direct and indirect expenses. These expenses include the cost of advertising, headhunting fees, human resource costs, loss of productivity, new hire training, and customer retention -- all of which can add up to anywhere from 30 to 200 percent of a single employee's annual wages or salary, depending on the industry and the job role being filled. (http://www.wisegeek.com/what-is-employee-turnover.htm)

Most companies find that employee turnover is reduced when they address issues that affect overall company morale viz., by offering employees benefits such as reasonable flexibility with work and family balance, performance reviews, and performance based incentives, along

with traditional benefits such as paid holidays or sick days. The extent a company will go to in order to retain employees depends not only on employee replacement costs, but also on overall company performance. If a company is not getting the performance it is paying for, replacement cost is a small price to pay in the long run. (http://www.wisegeek.com/what-is-employee-turnover.htm)

Exit interviews frequently elicit only cautious responses by exiting employees, and the results are rarely analyzed to establish the cost of turnover to the firm or reviewed by higher-level managers who could work towards eliminating the cause of turnover. At many companies, upper mangers sense no loss or cause for alarm as the exit door swings shut. Mean while, lower-level managers become demoralized and begin to think only of themselves, causing upper-level managers to complain of employee disloyalty. (Jenkins S., 1988:44)

1.2 Statement of the Problem

An organization that loses predominantly poorer performance employees may have less cause for concern than ones that loses a disproportionately higher number of its better performers. (Werbel J. D. et al, 1989:275)Employees are one of the resources that organizations need to manage effectively to survive. Employees are not "owned" by organization like any other asset and as such labour turnover is a reality for organizations. At the country level, the situation is aggravated by the rate of brain drain.

There are sizable costs associated with employee turnover-separation pay, the expense of recruiting, selection, and training and so forth. (Williiams C. R. et al, 1994:269)Monetary and hidden costs are associated with employee turnover. When an employee leaves an organization, it costs the company in:

- **Productivity -** When the employee leaves, productivity will usually take a downturn because other workers may have to add the former employee's duties to their own workload, at least temporarily.

- **Money -** In addition to the costs associated with lower productivity, the company may have to pay employees overtime to get them to take up the slack left by the former employee until a replacement can be found. The organization may also have to face unemployment claims and pay for the cost of recruiting and hiring a replacement.
- **Time -** Not only may the employees will be distracted from their regular duties to cover for a former employee, but the organization will have to spend time and money advertising, interviewing, and hiring a replacement employee.

Besides loss in productivity, money and time, the organization also losses in terms of some indirect costs like lowering of existing employee morale that may be due to increased work or due to the arousing dissatisfaction with the organization.

Once an organization finds and hires a new employee, it still experiences flagging productivity while the employee learns his or her new job. In other words, it costs the organization money every time an employee leaves because it takes even more resources to return to the same level of productivity or level of performance that the organization had before. (http://www.toolkit.cch.com/columns/people/138turnover.asp)

High labour turnover has become a problem for government institutions. Well experienced and qualified professionals leave position they held in government offices. Ethiopian Roads Authority is one of the victims of this high labour turnover. Currently the Ethiopian Roads Authority is facing a frequent turnover of staff, and as such the high turnover is costing the Authority in terms of productivity, money and time.

1.3 Objective of the Study

The objective of the study is to identify the causes behind the frequent staff turnover in Ethiopian Roads Authority and suggest possible ways of reducing turnover.

The specific objectives of the study are:

- to see if such attributes as age, tenure are causes of job changes.

- to see whether the remuneration system of the Authority is a factor for employee turnover.
- to investigate whether the employee-supervisory relationship is inducing staff turnover.
- To find out whether the cause of employee turnover is a miss-match between the person/employee and organization.

1.4 Research Methodology and Data Source Methodology

The method used in this study is descriptive. Descriptive statistics analysis is used in the interpretation and discussion. Charts & percentages are used as appropriate to present the result of the study.

DATA SOURCE

The data sources for this study are those employees who resigned from the Authority, Personnel Administration Manager, and employees currently working in the Authority.

Complementary data for the study is added by consulting relevant document and reports. This type of data collection reinforced data collected from the primary data and it provided additional information unrevealed in the primary data collection method.

INSTRUMENT OF DATA COLLECTION

In this study, questionnaires and interview were used as primary data collection method. Two different questioners were designed. The first questionnaire was for those employees who resigned from the Authority to elicit information with regard to what made them resign. The second questionnaire was for those employees who are currently working in the Authority to obtain their opinion about their employment and intention of leaving the Authority.

SAMPLING TECHNIQUE

Stratified sampling technique is used to select samples from the existing employees of the Authority where the strata were Procurement Services Division , Own force Construction Division, Equipment & Supplies Division, Civil Contract Administration Division, Design,

Research & Network Management Division, Planning & Programming Division, Finance Division, Human Resource Development Division, and Personnel Administration Division.

1.5 Scope and Limitation of the Study

Employee turnover is broad in the sense it comprises voluntary & involuntary turnover. This paper how ever address voluntary turnover only. And the study also focuses on voluntary turnover in the Head office of Ethiopian Roads Authority. The scope is also limited to those professionals or technically qualified personnel who do not have managerial position.

The major limitation of the study is the difficulty in finding the ex-employees of the Authority which forced the study to depend on a few number of ex-employees. The sample size being small, it might not be a true representative sample. There are also little studies that have been conducted in Ethiopia on the topic of skilled labour turnover particularly in government institutions.

1.6 Significance of the Study

The Ethiopian Road Sector which is operating with modern machinery on one hand and labour intensive technology on the other hand requires skilled labour. When skilled labour turnover rate is high the Authority intended objectives and expected results are not achieved. Therefore the study is significant in identifying the causes of skilled labour turnover in Ethiopian Roads Authority for those concerned bodies to take appropriate measures.

1.7 Organization of the Paper

This project has five chapters. The first chapter deals with background information, statement of the problem, objective of the study, significance of the study, scope and limitation of the study. The second chapter discusses concepts and theories related to the area of study. The third chapter deals with background information of Ethiopian Roads Authority. The fourth chapter discusses the findings and analyzes the data. The last chapter makes conclusion and recommendations.

Chapter Two

2-Literature Review

2.1 Nature and Definition of Employee Turnover

In today's working environment, a company's human resources are truly the only sustainable competitive advantage. Product innovations can be duplicated, but the synergy of a company's workforce cannot be replicated. It is for this reason that not only attracting talented employees but also retaining them is imperative for success. (http://portal.acm.org/citation.cfm?id=1073579)

There is no set level of employee turnover above which effects on the employing organization becomes damaging. Everything depends on the type of labour markets in which the organization competes. Where it is relatively easy to find and train new employees quickly and at relatively little cost (i.e. where the labour market is loose), it is possible to sustain high quality levels of service provision despite having a high turnover rate. By contrast, where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic from a management point of view. This is especially true of situations in which organizations lose staff to direct competitors or where customers have developed relationships with individual employees as is the case in many professional services organizations. (http://www.cipd.co.uk/subjects/hrpract/turnover/empturnretent.htm)

Personnel \employee turnover is usually defined as the influx and exit of individuals into and out of the working force of the organization over a specific period of time. Movement into the organization, ordinarily not an important part of turnover analysis, is called accessions. Movements out of the organization are called separations: voluntary resignations or quits, dismissals, layoffs and death or retirements (Cornog G. Y. 1957)

helping the new organizational member as well as the time period in which role performance is below that of the veteran employee.

The level and complexity of the job will clearly affect the amount of training or time necessary to reach an effective level of performance. Successions of an inside versus the hiring of an outside also will likely moderate training and development costs.

iii. Operational Disruption

Aside from the recruitment, selection, training and development costs associated with turnover, the loss of large numbers of personnel or key members of the organization will sometimes prove costly in terms of general disruption. When people leave, it may affect the ability of others to produce their work because of interdependence of work roles within the organization. If a key person leaves, the whole system may break down if the organization is both highly interdependent and specialized.

The chief moderator of whether turnover causes an operational disruption is the centrality of the particular role to the organization's functioning. In general, the higher the level of the position to be filled, the greater is the potential for disruption. Across all position, the predictability of turnover will also be important. Some organizations expect large amounts of turnover for lower level employees and have routinized the replacement of much of the organization. For higher level position, indication of impeding departure greatly reduces risks of disruption since procedures can often be implemented to bypass the particular position in the organization to fill it temporarily while a replacement is found.

iv. Demoralization of Organizational Membership

Having people leave an organization may involve costs beyond replacement and operational disruption as people typically leave one organization for alternative organization, turnover may undermine the attitudes of those remaining. Those remaining in the organization may see their own fate as less desirable (left behind) and they may question their own motivation for staying. In essence, turnover provides salient cues about the organization and a

role model for others. Thus, turnover may by itself trigger additional turnover by prompting deterioration in attitudes toward the organization and making salient alternative membership.

The perceived reason for leaving is one key moderator. If members are perceived to leave for non-organizational reasons such as family problem, location or economic conditions it will produce less of a demoralization effect than if turnover is perceived to result from the nature of the work, pay, or supervision. Likewise, if those who leave are members of a cohesive group or possess high social status among the organizational membership turnover will be a more sever blow than if the organization trains people who frequently follow multi-organizational careers.

2.2.2.2 Positive consequences of Turnover

The potential positive consequences of turnover have received very little attention .The benefits of turnover are somewhat less obvious than the costs in that, they may be less quantifiable and less attainable in the near-term. Yet, the positive aspects of turnover may contribute to the long run viability of the organization.

i. Increased Performance

Turnover by its very nature leads to training and development costs. It is often implicitly assumed that there is some standard level of performance that most individuals reach after an initial time period of passage through a learning curve. This traditional perspective leads one to assume that performance of new employee will be initially low and, only after experience, will reach the level of the preceding employee. The obvious drawback to this perspective is that insufficient attention is paid to potential gains in performance following turnover. The new arrival may be more highly motivated than the old employee and may possess greater abilities and training.

ii. Reduction of Entrenched Conflict

Sometimes one of the precipitating causes of turnover is conflict. This conflict could be hierarchical such as that between workers and a supervisor; department heads and a higher

executive or between a vice president and the chief executive. The conflict could also be lateral such as between workers on the shop floor; members of organizational staff; or coequal executive officers. In any of these cases, turnover may result from conflicts which are not easily resolved and which one side decides to leave the organization rather than continue the fight.

Much literature has been devoted to techniques and strategies of conflict resolution and much organizational energy is often devoted to the smoothing of conflict, arbitration of differences, or working through differences via various intervention strategies. One assumption of the conflict literature (be it based on game theory, labour relations, or organization development concepts) is that the participants to the conflict are rather permanent members of the organization. A second assumption is that conflict can and should be mediated, arbitrated, resolved, or 'worked through' in order for the organization to function effectively. In practice, however, many conflicts, be they personal or task oriented, are not easily resolved and stem from differences in fundamental values of core beliefs. In such cases it may be functional for turnover to become the ultimate ‘resolver’ of conflict.

iii. Increased Mobility and Morale

Turnover could also have a positive effect on membership attitudes. If undesirable supervisors or coworkers leave the organization, this event might obviously cheer some members. However, even if well liked and/or productive people exit the organization, the turnover might still open positions in an otherwise impenetrable hierarchy. An organization with little turnover may have nowhere to promote highly competent employees with upward mobility striving unless the organization is expanding rapidly by acquisition or internal growth.

Thus, turnover may be the primary determinant of promotion opportunities, contributing to a positive relation between turnover and organizational morale.

iv. Innovation and Adaptation

An important consequence of turnover is the opportunity it provides for the organization to adapt to its environment. One means of adaptation is through strategic decision making and

along with strategic changes, generally comes some reallocation of organizational resources. Resources cannot often be simply increased to accommodate new activities and purposes; they must be shifted from one department to another or from an outmoded function to a newly established endeavor. Generally a major aspect of a shift in resources is a shift of positions and personnel, and this may involve the shrinkage of one organizational unit to allow for the growth of another. Thus, turnover is a very major means by which reorientation of the organization occurs. It the shift in purpose or activity is small in comparison to the size of the organization, older units will be allowed to shrink by attrition while resources are funneled to newer units, but, if a shift is massive, resignations may be forced or conditions of employment made difficult enough to encourage additional voluntary turnover. In either case, turnover may be integral to organizational adaptation, and the role of turnover would be especially important when resources are not easily procured from the environment.

The effect of turnover on organizational adaptation may vary greatly with the level at which it occurs. With increased level in an organizational hierarchy typically comes increased influence over the actions of others and more central functions of the organization. Also associated with increasing levels in an organizational hierarchy, is an increase in decision making and uncertainty absorption. Thus, changes in top management can be followed by major changes in organizational policy, while turnover on lower level jobs which are highly formalized or machine-paced is unlikely to provide much change to the organization.

2.3 Measuring Employee Turnover

2.3.1 Cost of Turnover

Although retention experts agree that calculating the costs of employee turnover is valuable, surprisingly few companies actually do so. This is particularly true among smaller organizations where the day-to-day demands of running the business take priority, and few take the time to figure out how much it costs them to replace a lost employee. (http://www.lowe.org)

The extent of the impact of turnover on an organization cannot be fully understood if there is no attempt to quantify the costs. The more complex approaches to costing turnover give a more accurate and higher estimate of the costs. Such approaches often take into account the costs associated with lost productivity (i.e. the productivity of a new employee during their first few weeks or months in the role and that of resignees during the notice period) and the effect on morale of the remaining workforce. (http://www.mintrac.com.au)

Tziner and Birati (1996) proposed a model that builds on the earlier Cascio model of separation costs, replacement costs and training costs. The Tziner and Birati framework includes:

- Direct costs incurred in the replacement process - recruiting, hiring, training and socializing new employees including the extra effort by supervisors and co-workers to integrate them.
- Indirect costs and losses relating to interruptions in production, sales and the delivery of goods or services to customers.
- Financial value of the estimated effect on performance as a result of the drop in morale of the remaining workforce following dysfunctional turnover.

The approach is more accurate in that, it covers all the costs associated with turnover but in practice, the model can prove too complex and time-consuming for many organizations. The UK Chartered Institute of Personnel and Development (CIPD) suggests that, because of the difficulties involved in estimating and quantifying some of the indirect costs, it is possible to compute a 'not less than' figure by working out what it costs on average to replace a leaver with a new starter in each major employment category. This figure can then be multiplied by the crude turnover rate for that employee group to calculate the total annual costs of turnover. The CIPD suggests that the major turnover costs are:

- Administration of the resignation (including exit interviews)
- Recruitment costs (including advertising)

- Selection costs
- Costs of cover (temporary employees or overtime) during the vacancy period
- Administration of recruitment and selection process
- Induction training for new employees.

(http://www.cipd.co.uk/subjects/hrpract/turnover/empturnretent.htm)

2.3.2 Rate of Employee Turnover

Employee turnover rates can serve as a useful management tool. Their interpretation, however, requires a great deal of care. Low turnover can signal good employee-employer relations or stagnation. High turnover can mean costly loss of experienced personnel or the introduction of needed fresh talent and new ideas. Increases and decreases in turnover rates can indicate changes in labor market conditions and employee reaction to alterations in working conditions, management practices, and compensation policy. (www.cbo.gov/ftpdoc.cfm)

There are a number of ways to measure the employee turnover rate.

2.3.2.1 Crude Turnover Rate

Typically, organizations use the crude wastage rate for measuring turnover. This calculates the number of leavers in a given period as a percentage of the average number of employees during the same period. (http://www.mintrac.com.au)Most organizations simply track their crude turnover rates on a month by month or year by year basis. The formula is simply:

$$\frac{\text{Total number of leavers over period}}{\text{Average total number employed over period}} \times 100$$

The total figure includes all leavers, even people who left involuntarily due to dismissal, redundancy or retirement. It also makes no distinction between functional (i.e. beneficial) turnover and that which is dysfunctional.

Though crude turnover figures are necessary for effective benchmarking purposes, it is also useful to calculate a separate figure for voluntary turnover and to consider some of the

more complex employee turnover indices which take account of characteristics such as seniority and experience. (http://www.cipd.co.uk/subjects/hrpract/turnover/empturnretent.htm)

The simplicity of this measure means there is less risk of different parts of the organization supplying inconsistent data. However, the crude wastage rate has its limitations because it includes all types of leavers; voluntary and involuntary leavers. A single measure of turnover that does not distinguish between cases where people left because they were dissatisfied and where people left because of ill health or retirement will be inadequate because it treats leavers as a homogeneous group (Morrell et al, 2004).

2.3.2.2 Stability Index

This measure gives an indication of the extent to which experienced employees are being retained. It can be used to calculate the stability of the whole organization or of a particular group of employees. (http://www.mintrac.com.au) A stability index indicates the retention rate of experienced employees. Like turnover rates, this can be used across an organization as a whole or for a particular part of it. The usual calculation for the stability index is:

$$\frac{\text{Number of staff with one or more years service}}{\text{Number employed a year ago}} \times 100$$

This formula can be varied according to particular circumstances (e.g. basing it on a longer period of service). A rise in the stability index indicates the company is improving retention of more experienced staff. Normally, a wastage rate would be expected alongside a low level of stability. If both percentages are high, this indicates the organization is experiencing problems with a small number of high turnover jobs (http://www.mintrac.com.au).

2.3.2.3 Resignation rates

Another way of measuring turnover is to base turnover rates on voluntary leavers or resignation rates only, thus excluding employees who have left for other reasons such as retirement, redundancy, dismissal or redeployment to another part of the organization. However,

basing turnover rates on voluntary leavers can also have its drawbacks because it does not indicate how many staff need recruiting to cover those employees who have left because of retirement or voluntary internal transfers. One solution is to record separate turnover rates for voluntary and involuntary leavers (http://www.mintrac.com.au).

2.3.2.4 Vacancy rate

Another approach is to place a greater emphasis on the number of vacancies that need to be filled. The vacancy rate is based on the number of positions an organization actively wishes to recruit to as a percentage of the number of overall employees. (http://www.mintrac.com.au).

2.3.2.5 Cohort analysis

This technique enables an organization to understand service-related leaving patterns by taking the leaving rates of a (usually homogeneous) group of employees who joined at the same time. Cohort analysis is a useful tool for organizations concerned about turnover costs due to high expenditure on recruitment, induction and training. (http://www.mintrac.com.au).

2.4 Reducing Labour Turnover

Fitz-enz (1997) stated that the average company loses approximately $1 million with every 10 managerial and professional employees who leave the organization. The combined direct and indirect costs associated with one employee ranges from a minimum of one year's pay and benefits to a maximum of two years' pay and benefits. Thus, there is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee's departure.

Differentiating avoidable and unavoidable turnover (from the organization's point of view) can help organizations to understand voluntary turnover more fully. Avoidable reasons include employees leaving to find better pay or working conditions elsewhere, problems with management or leaving for better career opportunities. Unavoidable reasons - which are beyond

the organization's control - include, for example, an employee having to move because of relocation by a spouse or leaving to fulfill family or caring responsibilities. (http://www.mintrac.com.au)

If an organization can identify that much of its voluntary turnover is unavoidable it may profit better from initiatives that seek to manage turnover after the event rather than expend resources on implementing preventative measures. On the other hand, if the bulk of turnover is avoidable this offers the potential for targeted intervention. However, if managers assume the turnover problem to be largely unavoidable, they may fail to recognize turnover as a symptom of underlying problems within the organization. (http://www.amanet.org/books/catalog/0814405975_ch.htm)

It is clear that the general features of any potential HR program contribute to good retention. Most of these are directly related to creating a satisfactory work environment for employees and thus, in turn, to good retention. These features — or 'motivators' — include: (Lochhead C. & Stephens A. 2004)

- A stimulating work environment that makes effective use of people's skills and knowledge, allow them a degree of autonomy on the job, provides an avenue for them to contribute ideas, and allow them to see how their own contribution influence the company's well-being.
- Opportunities for learning and skills development and consequent advancements in job responsibilities.
- Effective communications, including channels for open, two-way communication, employee participation in decisions that affect them, an understanding of what is happening in the organization and an understanding of the employer's main business concerns.
- Good compensation and adequate, flexible benefit plans.

- Recognition on the part of the employer that employees need to strike a good balance between their lives at work and outside of work.
- Respect and support from peers and supervisors.

Based on the review of literature the list of practices used to reduce labour turnover that capture the main types of interventions are:

2.4.1 Compensation and Benefits

2.4.1.1 Compensation Levels

Competitive compensation packages can signal strong commitment on the part of the company, and can therefore build a strong reciprocal commitment on the part of workers. However, to the extent that it contributes to retention, competitive compensation is also likely to affect both desirable and undesirable turnover: it will help to retain workers, irrespective of the quality of their contribution to the company. (Lochhead C. & Stephens A. 2004)

While there is general agreement about the importance of competitive compensation for employee retention, there is also a growing consensus that competitive, or even generous compensation will not single-handedly guarantee that a company will be able to keep its most valuable employees (Lochhead C. & Stephens A. 2004).

Building “affective commitment” (Meyer et al, 2003) involves much more than paying well, and that retention based on the principle of “compensation-based commitment” is sensitive to changes in compensation within the company. Employers that base their retention on compensation-based commitment will always be vulnerable to the possibility that their competitors will be able to offer better wages and thus lure away their employees.

Similarly, Smith (2001) cited in Lochhead et al argues that “money gets employees in the door, but it doesn’t keep them there.” In fact, many companies have done a very good job of retaining their employees without any pay-based retention incentives (Pfeffer, 1998). Organizations should not discount the possibility that certain companies get along very well without offering high levels of compensation for reasons that are not of their own doing. Workers

in large urban centers where industrial establishments are concentrated may be more likely to move to the competitor down the street even for very modest wage differentials. Companies situated in more isolated areas know that their workers are less likely to move for small increments in compensation. Companies that wish to develop a successful retention plan that includes compensation and benefits must always understand their own unique characteristics and circumstances. (Lochhead C. & Stephens A. 2004)

According to Branham (2000) compensation can also drive commitment-oriented behaviour by:

- Sending employees a strong message about what results are valued.
- Recognize and reinforce important contributions so that employees feel valued.
- Provide a sense of “emotional ownership” and increased commitment that comes from giving employees “a piece of the action.”
- Maintain or cut fixed payroll costs and allocate variable pay to the employees they most want to attract and keep.

It is important to distinguish between what might be called normal or standard compensation — wages, salaries, benefits, etc. — and what is commonly referred to as ‘performance-based compensation,’ i.e., specific forms of compensation that are paid for workers or groups of workers who attain certain objectives vital to a company’s business strategy. Performance-based compensation — or ‘pay for performance’ — is becoming an increasingly popular form of compensation, particularly since its various forms are closely tailored to very specific company objectives, including employee retention.

2.4.1.2 Benefits

Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Tompkins and Beech, 2002). However, it is often the case that many employees do not realize the "true value"

of the benefits they receive. Nor are they always sure what motivates the employer to provide these benefits. Thus, the link between benefits and employee commitment is not always strong (Meyer, 2003).

Employee benefits are constantly evolving as the workforce itself evolves, and as people identify new priorities as being important. It is important to note that the relative importance of benefits will vary according to the specific needs of each individual. (Lochhead C. & Stephens A. 2004) The importance of a benefit plan to an employee with dependents may assume far greater importance particularly in an environment where benefits costs are increasing rapidly (Tompkins and Beech, 2002). Companies with an older workforce demographic might see their retention efforts best served through benefit plans that cover health-related expenses, care for elderly parents, etc. Companies with a significantly younger demographic may find education subsidies or tuition rebates to be more effective retention drivers.

2.4.1.3 Performance-based Compensation

In general, the key purpose behind performance-based compensation is twofold. It is (i) a means of modifying individuals' behaviour within an establishment in order to better align their activity with particular business objectives, and (ii) a way of influencing the development of particular types of organizational culture e.g., team-based pay can lead to a stronger team-based culture, skill-based pay or profit-sharing can contribute to a culture of stability and mutual commitment, etc.; (Meyer, 2003)

Lawler's typology of compensation systems (1990 cited in Lochhead et al 2004) states the list presented below as a retaining mechanism for performance-based pay.

i. *Incentive Pay:* systems pay pre-determined amounts for each unit produced (piece-rate).

ii. *Merit pay:* allocates pay increases based on individual performance. It can play a major role in attracting and retaining particular employees, and can lead both to good retention and beneficial turnover, i.e., good performers stay and poor performers leave.

Where teamwork is an important part of productive activity, individual merit pay may not work well. As with other forms of performance-based compensation, individual merit pay can cause excessive competition for incentives, and can promote counter-productive behaviour, e.g., hoarding important information rather than sharing it widely within the company and other forms of 'zero-sum' behaviour.

iii. *Gain sharing*: Financial gains in organizational performance are shared with all employees in a single plant using a predetermined formula measured against a historical benchmark. Gain sharing is usually based on a participative management approach, for example, suggestion systems, shop floor committees, self-directed work teams, in order to enhance the coordination of teamwork and sharing of knowledge.

iv. *Profit Sharing:* pay is related to the company's overall financial performance. Profit sharing is different from gain sharing in that it does not necessarily involve participative management, and does not measure employee-controlled or productivity-related financial performance.

v. *Employee Stock Ownership Plans (ESOPs):* For publicly traded companies, employees are partly compensated through shares in the company's stock. Employee ownership arrangements can include stock options plans, stock purchase plans, and employee stock ownership plans.

vi. *Skill-based Pay:* Under this arrangement, the employee is paid according to his or her skills and experience, i.e. the company pays for the person rather than the job position. Skill-based pay can help organizations meet their skill requirements by directly motivating workers to learn specific skills.

The major advantage of this pay system is that it can promote a culture of flexibility. Individuals can perform multiple tasks, including filling jobs in the wake of turnover. Skill-based pay can also contribute to lower turnover since individuals will be paid more for their knowledge and will be unlikely to find similarly attractive pay in firms using more traditional job-based pay systems.

vii. *Bonus Plans:* These have the advantage of being flexible, and capable of targeting particular behaviours that a company might want to change or promote without increasing fixed costs (Meyer, 2003).

viii. *Retention-based Compensation:* These include bonuses and other forms of compensation based on job tenure. Meyer (2003) notes that a potential disadvantage to this form of compensation is that it can contribute to reduced employee motivation, inhibit behavioural change, encourage risk aversion, and can often be expensive for organizations with long employee tenure.

ix. *Team-based Pay:* A type of pay, in which work teams are uniformly compensated for the performance of the team as a whole. Again, team-based pay must be aligned with intentions to promote certain types of behaviour. Properly managed, team-based pay can reinforce cohesion at the group level and generate strong performance by particular work teams.

As with individual performance compensation (Lochhead C. & Stephens A. 2004), team-based pay can also generate conflict and competition among work teams. The first is that the introduction of pay-for-performance is not an isolated intervention, in the sense that it depends upon—and is to some extent a result of—other HR and business strategies. There is, for example, little sense in introducing skill-based compensation if the employer is not actively engaged in providing learning and development opportunities for its members as a part of its normal business practice. Similarly, individual performance bonuses or pay need to be aligned with a structured process for evaluating and managing employee performance.

Secondly, it should be noted that labour unions are often reticent about embracing pay-for-performance. Pay-for-performance naturally introduces pay differentials among employees with similar job classifications, and this is contrary to the spirit in which unions normally negotiate with management on issues related to compensation.

2.4.2 Recognition and Rewards

Rotundo (2002) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailoring the right rewards to the right people. It would, however, be impossible to list all of the various types of recognition and rewards that companies actually give their workers. It is clear that recognition and rewards—as part of a more comprehensive effort at keeping workers or adopting good workplace practices—can contribute to increased retention.

2.4.3 Training, Professional Development and Career Planning

Training and development are so enthusiastically embraced as key factors to good retention is no doubt due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of most modern companies, whether or not retention is an important issue to that company. To the extent that operational paradigms such as "The Learning Organization" or the "Knowledge-Based Organization" continue to take hold in the contemporary business world, training is only likely to become more important. (Lochhead C. & Stephens A. 2004)

In any event, retention reflects a desire to keep one's valued people*;* but it is just as much about keeping and managing the skills that a company needs to meet its goals. The provision of training is a way of developing those skills in the first place. The fact that providing it also turns out to be a benefit that is highly valued by those who receive it makes for a very powerful approach to doing business. (Lochhead C. & Stephens A. 2004)

Because training and professional development are so fundamental to the operation of a business, it goes against intuition to suggest that training and development are to be thought of primarily as "retention" tools. The evidence seems to confirm that the link between training and retention is even stronger for more highly skilled workers (Paré et al, 2000).

Meyer et al (2003) suggest that employee learning - which encompasses training and development but is also related to *socialization within the workplace* - contributes to retention by

(i) building employee commitment through a show of support,

(ii) providing employees with the means to deal with stress related to job demands and change,

(iii) serving as an incentive to stay, and

(iv) Creating a culture of caring. Thus, training and professional development are seen as ways of building employee commitment in that they allow employees to “see a future” where they work, and provide them with the support necessary to face the on-going challenges related to their work.

Many employers will voice the familiar concern that there is a risk that once trained, workers may be tempted to leave the company for other opportunities. This is no doubt a valid concern amongst many employers, particularly those in large industrial centers. (Lochhead C. & Stephens A. 2004) As such, companies are only willing to provide training at the minimum level or to provide more extensive training on proprietary equipment and processes. The picture may be somewhat different for more highly-skilled skilled segments of the workforce, where employers appear to be more willing to make greater investments.

There is a good fit between training and a number of other retention-related practices, such as career development and planning, skill-based pay, and others. Taken together such practices can usefully complement one another. Training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Meyer et al, 2003). It sends a very strong signal to employees that they are important to the company, and that the company is willing to make real investments in keeping them there. In addition, the advantage to training-related incentives is that they can allow companies to focus particularly on employees who demonstrate a strong potential for growth and contribution to the company.

Such arrangements end up being to the advantage of both parties. The company is able to secure the skills it needs while at the same gaining some reassurance that its skills

development investments are also creating the conditions that will keep those skills in the company. The employee, meanwhile, gains the opportunity to securely move towards better pay and more challenging responsibilities.

Training is always unique to the circumstances of each company and that there is no formula that dictates how much and what kind of training is given. It does seem plausible that training, when combined with well-communicated plans for advancement and ongoing professional development within the company, can help companies to keep their valued employees. (Lochhead C. & Stephens A. 2004)

2.4.4 Recruitment and Orientation

How companies recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down the road (Lochhead C. & Stephens A. 2004). Smith (2001 cited in Lochhead C. & Stephens A. 2004) attributes 60% of undesirable turnover to bad hiring decisions on the part of the employer. “Bad hiring decisions” may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which she or he is hired.

Research confirmed that good employee retention is in part a result of a good “fit” between a company’s workplace culture — its way of doing business and the qualities that it espouses as valuable — and the interests, character, and motivations of the individuals that exist within it. In terms of recruitment, companies should therefore put an emphasis on not only evaluating formal qualifications, job-relevant technical ability, etc., but also more general types of qualifications and dispositions on the part of the recruit. If work in the company involves being part of a highly cohesive team, the company may want to recruit individuals who are interested in and capable of working in such an environment. (Lochhead C. & Stephens A. 2004)

It is important for the individual job candidate to have a fair chance at deciding whether the company is a good fit for him or her. Meyer et al (2003) have emphasized the importance of providing “realistic job previews” to potential employees. These previews provide potential new hires with more than just a cursory glance at a company’s operations, providing the candidate with enough information to make a decision about whether it is the right workplace for her or him.

The company must have at its disposal the right tools to enable it to make reasonably accurate evaluations about the type of people it might hire; and there exist a great number of evaluation tools at the employer’s disposal. We simply wish to suggest that allowing both parties to the employment contract to make informed decisions can help to ensure that the right hiring decision is made. (Lochhead C. & Stephens A. 2004)

Including one’s employees in helping to evaluate candidates may also be particularly effective with respect to retention in workplaces where team-based work is the norm (Meyer, 2003). Allowing employees to have a say in who they will be working with, and asking for their assistance in evaluating whether that person will be a good fit, may prove helpful in ensuring that the candidate not only has the requisite experience but will also be an effective member of the work team.

2.4.5 Healthy Workplace and Well-being Programs

There is a growing body of evidence that workplace safety, health and wellness initiatives can make a fundamental contribution to business performance as well as the improved health and well-being of individual employees. Healthy workplace practices take on a variety of forms, including those directed at the physical work environment (safety, ergonomics, etc.); health practices (supporting healthy lifestyles, fitness, diet, etc.); and social environment and personal resources (organizational culture, a sense of control over one’s work, work-family balance, etc.). Thus, to the extent that emotional and mental wellness is important to good retention and other indicators of business performance, companies might be well-advised to

turn their attention to factors in the workplace that cause stress in the workplace. (Lochhead C. & Stephens A. 2004)

2.4.6 Work-Life Balance

Work-life balance programs cover a variety of interventions, and include such practices as dependent care leave, childcare subsidies, eldercare programs, counseling and referral, and flexible working hours (Withers, 2001). As the list suggests, the concept of “work-life balance” recognizes that employees have important family and extraprofessional obligations that compete with their professional commitments; benefits that may be grouped under this concept therefore allow people to strike a more meaningful and potentially less stressful balance between obligations at the workplace and obligations at home.

Duxbury & Higgins (2001) note that the 1990s saw an intensification of work-life conflicts for many workers. Jobs have become more stressful and less satisfying, and employees generally exhibit less commitment to their employers and higher absence rates from work. They add that high levels of “role overload” and “work to family interference” play a significant role in frustrating recruitment and retention in companies.

Many employers have begun to respond to such demands by implementing “work-life balance” initiatives in their workplace, and have done so out of a conviction that providing such benefits can substantially enhance productivity, revenues, and employee retention and commitment (Withers, 2001).

The key to success in this area appears to be, first and foremost, a good channel of communications and a workplace culture in which employees feel comfortable in asking for time off to deal with pressing family matters, and employers are willing to recognize that granting time off in such a manner ultimately may contribute to greater employee commitment and productivity in the long run. Duxbury and Higgins (2001) argue that employers can help to create more supportive work environments by:

(i) Working with employees to identify and implement the types of support they say they need, and better inform them about policies that may currently be available to them, and

(ii) Encouraging employees to use the supports that are readily available and ensure that employees who could make use of such assistance do not feel that their career prospects would be jeopardized by doing so (Duxbury and Higgins, 2001).

Finally, organizations that function on the basis of shift work — manufacturers particularly — may have employees who found it particularly difficult to balance family and work obligations. A certain degree of flexibility and responsiveness on the part of employers can go a long way in helping employees to resolve such conflicts and be more productive at work (Lochhead C. & Stephens A. 2004). Duxbury and Higgins note a number of policies that prove to be effective in helping employees to manage work-life balance in a shift work setting. These include

(i) Limiting split shifts,

(ii) Providing advanced notice of shift changes,

(iii) Permitting employees to trade shifts amongst themselves and, most importantly, consulting with employees about their work-life balance needs while planning shifts.

2.4.7 Job Design and Work Teams

With respect to retention, “intrinsic” rewards are just as important as material rewards. That is workers value their jobs not only when they are well compensated, but often because doing the job is in itself a rewarding experience — in other words, it is fulfilling, challenging, interesting, and stimulating .Practices such as autonomous or semi-autonomous work teams, ‘self-scheduling,’ and job rotation can not only improve retention but have also been shown to improve a number of other important indicators such as productivity, accidents and injuries and product quality. (Lochhead C. & Stephens A. 2004)

In any event, if promoting good retention is one of the objectives in allowing for greater autonomy on the job, presenting more interesting challenges, or increasing the diversity of tasks, then the entire exercise must clearly begin with two questions: “How can one design this particular job assignment or position in such a way that is more interesting or intrinsically rewarding to the individual who occupies it?” and “What forms of job design or work organization are appropriate to the workplace?” (Lochhead C. & Stephens A. 2004)

2.4.8 Communications and Employee Participation

Most, if not all, of the other types of practices described above fundamentally depend on a sound approach to communicating with employees. Without communications, many of these practices would be difficult to implement, or it would at least be difficult to implement them with the goal of retaining employees. To illustrate with examples: (Lochhead C. & Stephens A. 2004)

i. Employees are often unaware of exactly how competitive their wages and benefits really are. If the employer is not effective at communicating the content of total compensation and benefits, employees may lack the information to form judgments about the company, and may end up not forming a strong commitment to the company.

ii. The need for good communications is especially great under pay-for-performance plans if employees are to align their behaviour at work with the intended rewards and outcomes.

iii. Professional development and career tracking must rest on a solid foundation of communication if employees are to understand their place and their future within the company, and what they need to do to follow a developmental path.

iv. A good system of employee referrals relies upon a workplace environment where management is receptive of suggestions from employees and actively uses open communication channels to secure vital feedback from its workers.

v. The incidence of high stress and its attendant consequences for employee health and wellbeing is in part a function of inter-personal relations in the workplace (which mediate and are mediated by communications) and the availability of open and trusted lines of

communication that can help to identify potential health problems before they become too sever.

vi. The implementation of autonomous work teams, self-scheduling, job rotation, etc. depends on effective adherence to forms and standards of communication that are appropriate to and supportive of such ways of organizing work.

This is hardly an exhaustive list, but it does underscore the conclusion that *communication is a basic building block of any effective retention practice*.

There is no magical formula for effective communication. It is clear, however, that the success of any communications practices will hinge upon management's commitment to and belief in the value of good and open communications in the first place; the lack of leadership will otherwise ensure that communications practices are dropped or not adopted as a part of the company's culture. Thus, implementing practices in the absence of a willingness to communicate — about both positive and negative matters — will not likely contribute to retention. Communications is, in the end, a general feature of a company's culture, and not reducible to particular practices, systems or interventions. (Lochhead C. & Stephens A. 2004)

2.4.9 Performance Appraisal and Performance Management

Performance appraisals are not uncommon to organizations. However, what counts as an appraisal or performance management varies a great deal in sophistication and organization. The process of employee performance evaluation should be closely tied to strategic objectives, provide good feedback to employees and give them a view of their longer-term progress within the company, and potentially married to training and other development opportunities.

Generally speaking, performance management seeks to:

- Develop an objective basis for talking about performance;
- Let employees know the difference between acceptable and unacceptable results;
- Increase job satisfaction by letting teams know when a job is well done;
- Let new staff know about expectations regarding job performance, and;

- Encourage an open and trusting relationship with employees.

(Lochhead C. & Stephens A. 2004)

Performance appraisals inform a number of HR decisions related to compensation, training, promotion, and even termination. However, as part of a human resources policy that values open communication and employee commitment, performance appraisals also allow objectives and values to be effectively communicated to employees and can ensure a steady stream of critical feedback about business processes (Rotundo, 2002). When closely aligned with ongoing training and career development, performance management can be a successful retention tool.

According to Meyer et al (2003), performance management aligns the goals of individual members to those of the organization with which they are associated. It requires clearly articulated and well-communicated strategic goals for the organization as a whole. The design of a performance management system, according to Meyer, involves five essential components:

i. *A Strategic Plan*. Set by the top of the organization, it serves as the starting point for division, unit, team and individual goal setting.

ii. *Individual goals are set jointly by managers and employees*. Managers play an important role in communicating how these goals relate to goals in successively larger units of the company. Managers may also help to relate performance goals to employee development concerns.

iii. *Monitoring, Feedback and Coaching*. Managers are instrumental in helping employees to monitor their performance and development, and make changes where necessary. Performance management requires more of a coaching role for the manager, and greater participation by the employee. Training is required to support these expanded roles.

iv. *Formal performance reviews* should take place at regularly scheduled intervals and should focus on progress with respect to goal attainment, and to setting goals for the next cycle

v. *Evaluation*. The performance management system must itself be the subject of evaluation.

As with other retention practices, employee perceptions about the performance appraisal system can have an important impact on their decision to stay with a company. Most importantly, effective performance management requires a system that is fair, and that employees *trust* as being fair, both in terms of procedure (e.g., consistent and well-communicated evaluation criteria) and in terms of the potential benefits arising from such evaluations (e.g., training, professional development). Indeed, fairness and openness about the evaluation process are of paramount importance when performance management is tied to specific rewards or advancement. (Lochhead C. & Stephens A. 2004)

Chapter Three

3.1 Profile of Ethiopian Roads Authority (ERA)

Roads are pathway used to facilitate the movement of people and exchange of commodities in a country. They range from crude paths made passable by pedestrians to modern express ways passable by vehicles. History tells us that road building from very ancient times has been one of the first signs of an advancing civilization.

Roads did not exist in the older times in the same shape and form as we see them today. They were in the form of small tracks and paths. The urge for a better social life, or the fear of wild animals drove the ancient people to live together in small separate groups. These separate groups due to the need to interact between the groups might have led to the formation of track and paths.

Historic Chronicles of 17th and 18th, centuries show that there were a number of small roads (rails and foot paths) in use in various small kingdoms of the country.

Emperor Yohannes IV, who succeeded Tewodros, was also engaged in road construction, but due to the danger of invasion by Egyptians, Derbush and Turkish, the Emperor was not able to achieve his desires. Between the years 1896 and 1936, that is, prior to the second Italian occupation, great success was made in Road construction, especially during the reign of Emperor Menilik II who was a successful road builder and participated in the construction. By this time the road from Eritrea to Addis Ababa and in 1903 the road from Addis Ababa to Addis Alem were constructed, and it was also during this time that the first Asphalt roads appeared in Addis Ababa.

Ethiopia's difficult terrain cleft in numerous places by canyon of great depth and high mountain ranges has often rendered communication impossible. The presence of these natural landscapes, coupled with the then lack of adequate equipment and trained technicians, stimulated the Imperial Ethiopia Government to find an agency solely responsible for the

building and maintaining of the nation's highways. It was realized that without an adequate system of Highways, social retardation and economic retrogression were inevitable.

This self-evident situation led the government to create a climate of belief that good roads would enhance its reconstruction and development plans. Hence, there was a need for the establishment of an independent governmental body with a legal personality and the capacity to borrow from international organizing. Out of this consciousness was born the imperial Highway Authority (IHA) by proclamation No. 115/1951 as semi-autonomous agency. The objective to be accomplished was portrayed by the words, “The Authority shall have the duty of developing and maintaining the Highway systems of our Empire".

The specific duties were to plan, design, construct and maintain highways roads and bridges throughout the empire. Steps were immediately taken to make the newborn organization a reality.

The paper took shape on February 27, 1951. This was the day a contract Agreement was signed between the fledgling organization and the Bureau of public Roads of the United Sates Department of Commerce. The Bureau provided engineers and specialists to plan the construction and maintenance of Highways in Ethiopia. Having founded national road policy by the establishment of the IHA, the Imperial Ethiopian Government needed financial help to carry out the job through. The sum of US $ 5,000,000 was borrowed from the International Bank for Reconstruction and Development (IBRD) mainly for the purchase of American Road Building Equipment and Supplies.

The Imperial Ethiopian Government supplemented this IBED Loan with Eth. Birr 23,000,000 in initializing the Authority's program. Mr. Joneal Hum bard, an American engineer, was named as Director of the Authority and a member of the Board of Commissions. At the initial state the Authority took control of some 6400 kms of roads.

The Ethiopian Roads Authority when established in 1951 as IHA had about 650 permanent employees of which all supervisory personnel, engineers and majority of construction equipment operators and mechanics were expatriates.

Though a great was accomplished at that time, the ever increasing workload of the Authority created an acute shortage of qualified personnel which could not be remedied solely through the available labour market.

Putting this in mind, the Alemgena Training Center was established in 1956 and the Center was the first of its kind in Ethiopia. The Training program and the center enabled the IHA to eliminate its dependence on expatriate mangers and experts.

During the last 50 years, the Training Center has organized pre-service and in-service training Courses graduating more than 9717 employees in various fields and skills contributing to road construction and maintenance. In addition, the Authority has sent the majority of its supervisory personnel abroad for further training (education) to upgrade their level of competence.

In 1963, for the first time, an Ethiopian, Dr Haile Giorgise Workneh took over the position of the Director with few other Ethiopians deputized in important positions. As IHA continued recruiting Ethiopians with required educational background, the Ethiopianization of key positions had progressed.

After 1991, Ethiopia embarked on a comprehensive economic reform program putting in place the conditions for transition from a command based economy to a market oriented one. The Ethiopian Roads Authority was also reestablished by proclamation No. 63/1993 with a view to providing a strong administration under the leadership of the Board.

In 1993, as part of its reforms, the Transitional Government assigned administration of Rural Roads to the Regional Self-Governments and Highways to ERA as part of the Central Government's responsibility ERA's role regarding regional Rural Roads become rendering

supports such as network planning, training and technical assistance when deemed necessary by regional Governments.

To cope up with existing situations the Authority was again re-established by proclamation No. 80/1997 with the objective to develop and administer highways, to ensure the standard of road construction and to create proper conditions on which the road network is coordinal promoted.

According to the proclamation, ERA is legally autonomous agency responsible for the management of the country's roads. The proclamation further stipulates that trunk and major link roads, which make up the federal road network system tem are administered by the Ethiopian Roads Authority.

Ethiopian Roads Authority's primary function is to maintain the existing road network through the districts as its corporate responsibility. The maintenance of entire main road network is carried out by ten maintenance districts which are conveniently located at various regions throughout the country. The new proclamation also authorized ERA to administer weigh bridges and through them to control overloaded vehicles which are one of he major causes for fast deterioration or roads.

ERA is administered by a Board and the Board of Directors will provide General policy Direction and have primary oversight responsibility for project performance monitoring. The Authority’s vision is to provide an improved and maintained network to the society.

This is a shift in recent years that have been affecting every aspect and level of ERA's operations. It is known that Ethiopia's Geography, pattern of settlement and economic activity give transport a crucial role in facilitating economic development while also creating major constrains in its provision.

The need for people to move, utilization of natural resources, improved agricultural production and market condition, access to social facilities, land utilization and sustainable growth all need transport as a catalyst.

It is evident that, as agriculture has been the leading sector, roads in general will play almost a vital role in providing access to potential productive areas and markets.

Virtually, transport services in Ethiopia are insignificant in relation to the size of the population and geographical area of the country. Even though considerable efforts have been made, difficult terrains and limited recourses have made road network expansions low and formidable.

3.2 Vision, Mission, Objective

Vision

The vision of ERA is derived from what the organization desires to achieve in the coming years. Hence, the vision is the most powerful motivator for every employee working in ERA. Accordingly, our vision is

"to assure the provision of adequate, reliable, high quality & standard road network to Ethiopians and open up all potential development areas which will contribute to fast socio-economic development all over the country".

Mission

The Mission of ERA emanates from the purpose it was established under Proclamation No. 80/1997. Accordingly, ERA is given the task to administer the federal road network system. In other words, our mission is to

"Provide safe, comfortable, reliable and adequate road infrastructure to support the socio-economic development of the nation and satisfy road users by:

- Improving condition of roads
- Expanding the road network."

Objective

Ethiopia's economic growth is highly dependent on the agricultural sector. Therefore, development efforts to change the existing socio-economic condition of the country would also be dependent on the efficiency of this sector for the foreseeable future. However, a better performance of the agricultural sector in particular, and the sustainable economic growth of the country at large would be achieved through an improvement of the basic infrastructure. Consequently, the road network has been identified as a serious bottleneck for the economic development of the country.

The primary objective of the ongoing program is to restore and expand Ethiopia's road network, which has become an obstacle and major impediment to sustainability of the economic development program. Side by side the program would assist in developing strong management and technical capacity to manage the road network, and develop the capacity of domestic construction industry.

Chapter Four

4-Skilled Manpower Turnover and Its Management in ERA

This chapter presents characteristics of the studied population, analysis and interpretation of the data collected. The analysis and interpretation are given after each table.

4.1 Characteristic of the Population

Among the 1260 current employees of the Authority at Head office, the number of selected respondents were 126 (10%).Out of whom 121 (96%) have responded and returned the questionnaires.

The second group was skilled ex-employees of the Authority who voluntarily left the organization over the past two years. During the past two years, 164 skilled professionals resigned from the Authority, out of whom only 15 had contact address in Addis Ababa which represents 9 % of the population .Among the sample of ex-employees 12 (80%) responded and returned the questionnaires.

4.2 Views of the management on Employee turnover

In this subsection, the results of the interview made with the Personnel Administration Manager on issues related to intensity, reason, cost of employee turnover and retention mechanisms followed by ERA to tackle the problem are presented .The results are important in providing comparison on what management think as causes of employee turnover and what employees perceive as causes of turnover at ERA.

4.2.1 Reasons for termination

The Management of ERA is aware of the mobility of skilled manpower which occurs at a significantly higher rate which has caused an operational disruption .As per the view of the Personnel Administration Manager, the organization is loosing its skilled manpower mostly to other private organizations where the compensation system is higher than ERA.

Even though no exit interviews were made when employees leave the organization, management tried to understand the reason for termination via the application letter employees submit when they resign. But the researcher has tried to look at fifty employee personal files who resigned during the last two years and found out that fifty two percent of those fifty employees, terminated their job with out submitting resignation letter. These employees simply quit their job without informing the Authority. Of the remaining employees who submitted letter of resignation, seventy percent of them stated no reason why they are quitting their job. The remaining submitted resignation letters contained reasons such as educational opportunity and family problem.

The Personnel Administration Manager also said that there is equal opportunity for promotion and development for all employees in the organization .Whenever there is vacancy, it is posted on a notice board where everyone can see and a telegram is sent to districts so that employees working in the districts can also apply and compete for the vacancy. According to him, the basic criterion for promotion was the performance evaluation of that individual employee. Through this, employees' contribution to the achievement of ERA's objective, especially those of the top performers was recognized by promoting them. Due to the failure of the result oriented performance evaluation method the performance of the employees in the Authority has not been evaluated since last three to four years and as a result the organization these days has resorted to seniority as the basic criteria for promotion.

The manager feels that the compensation system of the organization is poor despite efforts made to revise the salary scale of ERA in 2005.The main reason according to him that employees are leaving the organization, is due to the poor salary employees get. Most of the organizations that the ex-employees joined have a very attractive salary and benefit packages.

In relation to the relationship between management and employees, he believes that there is smooth relationship between management and employees as there is no dispute or grievance raised to the administration attention by the employees. As the number of employees

is very large (more than 7000), the communication system between management and employees is through the labour union. Apart from this any employee who wishes to communicate with the management has to follow a certain procedure.

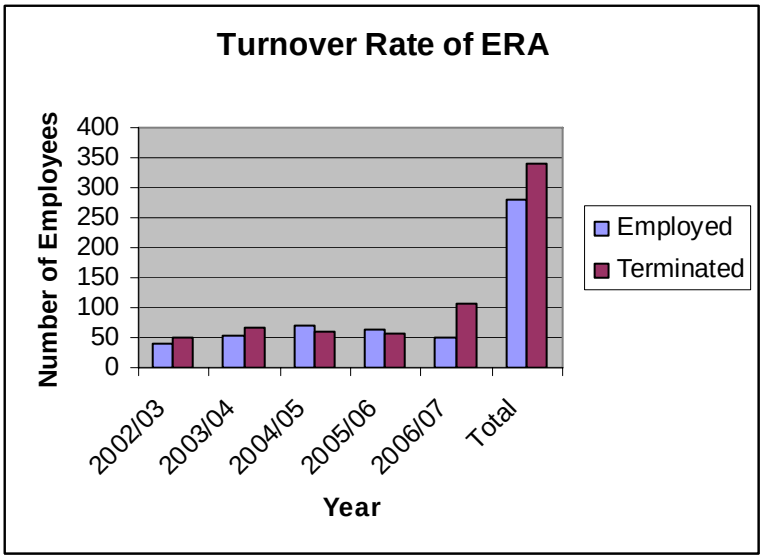
The manager also stated that the organization has no formal orientation program for new employees. This task is left to the sections and departments of the organization but they have no feed back whether sections and departments orient the new employees or not.

4.2.2- Turnover Rate

As indicted in Table 1 below, during the period between 2002/03 and 2006/07 the Authority recruited a total of 280 employees. On the other hand, in the years under review 341 employees had terminated their employment with the Authority. The turnover rate in the current year (2006/07) figure is high compared to the other years under review. The rate of employee turnover in the years under review are 120, 126, 86, 86 and 216 percent respectively.

Table I – Skilled Labour Turnover Rate

Year	Employed	Terminated	Turnover Rate (%)
2002/03	41	49	120
2003/04	54	68	126
2004/05	70	60	86
2005/06	65	56	86
2006/07	50	108	216
Total	280	341	122



4.2.3-Cost and Retention mechanisms

The Authority uses newspaper advertising mostly Addis Zemen, Ethiopian Herald and Reporter to notify potential applicants for available posts. It costs on average ten to fifteen thousand Birr to advertise the posts on the newspaper. The Authority measures only the cost of advertising and other costs such as induction costs, training and socializing costs, selection costs and costs of cover (temporary employees or overtime) are not measured .

As a retention mechanism, the Authority is on the way of improving its salary scale. The management of the Authority has currently contracted a consultant to work on the organization structure and salary scale of the organization. The management of ERA is convinced that the main reason why most of its employees are leaving is due to the poor salary scale it has.

4.3 Views of Current Employees and Ex-Employees

In this subsection the views of both current employee and ex-employee respondents are presented.

Table A-1-Background Information					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Age Group	Below 25	18	14.9	0	0.0
	25-30	43	35.5	6	50.0
	31-35	37	30.6	4	33.3
	36-40	13	10.7	2	16.7
	Above 40	10	8.3	0	0.0
Total		121	100.0	12	100.0

As shown in table A-1, 14.9, 35.5, 30.6, 10.7 and 8.3 percent of the current employee respondents are in the age below 25, between 25 and 30; between 31 and 35; between 36 and 40 and above 40 respectively. 50, 33.3 and 16.7 percent of ex-employees' respondents are in the age between 25 and 30; between 31 and 35 and between 36 and 40 respectively. The majority of current and ex-employees respondents (81 and 83.3 percent respectively) are below the age of 35. Age is consistently and negatively related to turnover. Younger employees are more likely to resign than older employees. The data shows majority of the respondents are young and hence more probability of turnover.

Table A-2-Background Information					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Sex	Male	73	60.3	10	83.3
	Female	48	39.7	2	16.7
Total		121	100.0	12	100.0

Table A-3-Background Information					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Martial Status	Married	32	26.4	3	25.0
	Single	89	73.6	9	75.0
Total		121	100.0	12	100.0

As indicated in table A-2 and A-3, 60.3 and 39.7 percent of the current employee respondents are male and female respectively. In the case of ex-employees respondents, 83.3

and 16.7 percent are male and female respectively. This implies that the majority of the employees are males. The above table also shows that, 26.4 and 25 percent of current and ex-employees respondents respectively are married, and the rest, that is 73.6 and 75 percent of current and ex-employees respectively are single.

Table A-4-Background Information

Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
Qualification	12+2	6	5.0	0	0.0
	BSc/BA	102	84.3	10	83.3
	MSc/MA	13	10.7	2	16.7
	PhD	0	0.0	0	0.0
Total		121	100.0	12	100.0

As indicated in table A-4, 84.3 and 83.3 percent of current employees and ex-employees respondents respectively were qualified at first degree level; 10.7 and 16.7 percent of current employee and ex-employee respondents respectively are qualified at second degree level. This indicates that almost all of the respondents are graduates of colleges and universities.

Table A-5-Background Information

Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
Experience in ERA	< 1 Year	10	8.3	0	0.0
	1 to less than 2 Years	78	64.5	8	66.7
	2 to less than 5 Years	15	12.3	3	25.0
	5 to less than 10 Years	10	8.3	1	8.3
	Above 10 Years	8	6.6	0	0.0
Total		121	100.0	12	100.0

With regard to the item in the above table, that summarizes tenure of the respondents in the organization, 8.3, 60.3 12.3, 8.3 and 6.6 percent of the current employee respondents served the organization for less than 1 year; 1 - 2 years, 2 - 5 years, 5 - 10 years and above 10

years respectively. 66.7, 25 and 8.3 percent of the ex-employee respondents served the organization for 1 - 2, 2 - 5 years and 5 - 10 years respectively. As it can be seen, the majority of the respondents 72.8 and 66.7 percent of current and ex-employees respectively have served the organization for less than two years.

Table A-6-Background Information

Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
Experience in last position	< 1 Year	31	25.6	1	8.3
	1 to less than 2 Years	71	58.7	10	83.4
	2 to less than 5 Years	11	9.1	1	8.3
	5 to less than 10 Years	8	6.6	0	0.0
	Above 10 Years	0	0.0	0	0.0
Total		121	100.0	12	100.0

In table A-6, that summarizes years of service in respondents last position in the organization, 25.6, 58.7, 9.1, and 6.6 percent of the current employee respondents served for less than 1, 1 - 2, 2 - 5 and 5 - 10 years respectively. 8.3, 83.4 and 8.3 percent of the ex-employee respondents served for less than 1 year, 1 - 2 years and 2 - 5 years respectively the organization before they left. The majority of the respondents 84.3 percent of current and 91.7 percent of ex-employees served the organization for less than two years in their last position in ERA.

Increased tenure strengthens the propensity for employees to remain. Tenure is consistently and negatively related to turnover. From the table, it can be observed that, the majority of current and ex-employees respondents served less number of years in the Authority which lead to increased labour turnover.

Table B-1-About Your Job					
Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
Are you satisfied with the sense of achievement you get from your work?	YES	46	38.0	3	25.0
	NO	75	62.0	9	75.0
Total		121	100.0	12	100.0

Table B-2-About Your Job					
Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
If your answer is NO, why is it?	Job is Monotonous	27	58.7	6	66.7
	Job is Mechanistic	8	17.4	3	33.3
	I feel that what I contribute is less	9	19.6	0	0.0
	I feel that I am not contributing to ERA's Objective	2	4.3	0	0.0
Total		46	100.0	9	100.0

As shown in table B-1 and B-2, the majority of the current employee respondents (38 percent) replied that they get a sense of achievement from their work. Of those who replied (62 percent) that they do not get a sense of achievement from their job, When asked why it is so, 58.7 percent said the job is monotonous; 17.4 percent said job is mechanistic; 19.6 percent said they feel that what they are contributing is less and 4.3 percent replied that they feel they are not contributing to the organizations objectives. Similarly, 75 percent of the ex-employees respondents replied that they also did not get a sense of achievement from their job. Of those ex-employee respondents who said they did not get a sense of achievement from their job, when replying why it is so, 66.7and 33.3 percent said that the job is monotonous and mechanistic respectively. This indicates that they are dissatisfied with the kind of job they are doing. Job dissatisfaction is one of the causes of turnover in the Authority. Dissatisfied employees stay with the Authority until they get other job offer.

Table B-3-About Your Job					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Did you receive orientation as to your job, objective and mission, etc at the time of recruitment	YES	5	4.1	0	0.0
	NO	116	95.9	12	100.0
Total		121	100.0	12	100.0

Table B-4-About Your Job					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Do you think that orientation is necessary?	YES	118	97.5	11	91.7
	NO	3	2.5	1	8.3
Total		121	100.0	12	100.0

As indicated in table B-3 and B-4, 95.9 and 100 percent of current employees and ex-employee respondents respectively said that they did not get orientation during recruitment. 97.5 and 91.7 percent of current employees and ex-employees respondents respectively replied that orientation is necessary after placement. The orientation would have given employees realistic view of the organization, its objectives, mission etc and hence employees would know before hand what they are going to find out.

Table B-5-About Your Job					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Are you satisfied with the amount of pay you get?	YES	8	6.6	0	0.0
	NO	113	93.4	12	100.0
Total		121	100.0	12	100.0

In relation to table B-5, 93.4 and 100 percent of current employees and ex-employee respondent respectively were dissatisfied with the amount of pay they get. In response to a similar question by the personnel manager, whether the organization payment system is poor or not, said that though the Authority is working on it to revise the salary scale to make it

competitive, the salary scale is relatively in par when compared to other government institution but not as good as the private institution which most of the ex-employees have joined. There is evidence to support that there is negative relationship between wage or salary level and turnover. The data indicate that majority of the respondents are dissatisfied with the wage they are getting which is resulting in turnover in the Authority.

Table B-6-About your Job						
To what extent do you agree or disagree with the following statements about joining ERA?						
			Current Employees		**Ex-employees**	
No	**Item**	**Measurement**	No	%	No	%
1	I was motivated to join ERA for of gain of experience	Strongly Agree	38	31.5	4	33.3
		Agree	66	54.5	6	50.0
		Neither agree nor disagree	0	0.0	0	0.0
		Disagree	17	14.0	2	16.7
		Strongly Disagree	0	0.0	0	0.0
	Total		121	100.0	12	100.0
2	I was motivated to join ERA because of the salary scale	Strongly Agree	0	0.0	0	0.0
		Agree	33	27.3	2	16.7
		Neither agree nor disagree	0	0.0	0	0.0
		Disagree	69	57.0	7	58.3
		Strongly Disagree	19	15.7	3	25.0
	Total		121	100.0	12	100.0
3	I was motivated to join ERA because I did not have any other job	Strongly Agree	0	0.0	0	0.0
		Agree	23	19.0	1	8.3
		Neither agree nor disagree	18	14.9	0	0.0
		Disagree	71	58.7	11	91.7
		Strongly Disagree	9	7.4	0	0.0
	Total		121	100.0	12	100.0
4	I was motivated to join ERA because I thought ERA has good training and development opportunity	Strongly Agree	34	28.1	1	8.3
		Agree	59	48.8	9	75.0
		Neither agree nor disagree	18	14.9	1	8.4
		Disagree	10	8.3	1	8.3
		Strongly Disagree	0	0.0	0	0.0
	Total		121	100.0	12	100.0
5	After joining ERA, were your expectations met?	YES	20	16.5	1	8.3
		NO	101	83.5	11	91.7
	Total		121	100.0	12	100.0

The above table summarizes what motivates employees to join the organization in the first place. The extent to which employees agree or not that they were motivated to join the Authority for gain of experience, majority (54.5percent) and significant (31.5 percent) claimed it to be" Agree" and " Strongly Agree" respectively. Looking at the ex-employees respondents' view on this issue, the responses are similar; majority (50 percent) and significant (33.3 percent) number claimed to "Agree" and "Strongly Agree" respectively.

When asked to what extent respondents agree or disagree that they were motivated to join the organization because of the salary scale 57 percent and 15.7 percent of current employee respondent claimed to "Disagree" and "Strongly Disagree" respectively. Similarly 58.3 percent and 25 percent of ex-employee respondents claimed to "Disagree" and "Strongly Disagree" respectively confirming what the personnel manager said that the salary scale is not that much attractive.

Regarding to what extent they agree or disagree that respondents were motivated to join ERA because they did not have any other job 58.7 and 7.4 percent of the current employees claimed to "Disagree" and "Strongly Disagree" respectively. In the case of the ex-employee the majority of the respondents 91.7 percent claimed to "Disagree". This shows that most of the employees were employee of other organization before joining ERA.

When asked to what extent they agree or not that respondents were motivated to join ERA because they thought of better opportunity for training and development, 48.8 percent and 28.1 percent of the current employees respondents claimed to "Agree" and "Strongly Agree" respectively. Similarly, 75 percent and 8.3 percent of the ex-employee respondent claimed to "Agree" and "Strongly Agree" respectively.

As indicated in item 5 of table B-6, whether or not what motivated the respondents to join ERA has been realized after joining the Authority, 83.5 and 91.7 percent of the current employees and ex-employees respondents respectively responded by saying "NO". The data clearly shows that employees resign from the Authority because of the difference in what they

expected what the reality is in ERA. Thus the impact of realistic job preview on employees' turnover in ERA is paramount. The more accurate an employee's expectation before entering a new job, the more likely that employee feel satisfied after he/she learns the situation's realities from actual first hand experience.

Table C-1-About Your Workplace					
Item	**Measurement**	**Current Employees**		**Ex-employees**	
		No	%	No	%
How well do the work skills you personally have match the skills you need to do your job?	Much higher	0	0.0	0	0.0
	A bit higher	1	0.8	7	58.3
	About the same	84	69.4	4	33.3
	A bit lower	0	0.0	0	0.0
	Much lower	0	0.0	0	0.0
	Not in congruence with the job	36	29.8	1	8.3
Total		121	100.0	12	100.0

As shown in table C-1, to what extent the respondents skill match with the skill requirement of the job, 69.4 percent and 29.8 percent of the current employee respondent claimed to be "About the same" and " Not in congruence" respectively. 58.4 and 33.3 percent of ex-employees respondents claimed that their skills were "A bit Higher" and "About the Same" respectively. Again, indicating the significance of a realistic job preview and mismatch between person and organization which are major causes of turnover in the Authority.

Table C-2-About Your Workplace					
Item	**Measurement**	**Current Employees**		**Ex-employees**	
		No	%	No	%
Has ERA had ever provided you with any training?	YES	21	17.4	2	16.7
	NO	100	82.6	10	83.3
Total		121	100.0	12	100.0

As indicated in table C-2, 82.6 and 83.3 percent of the current employees and ex-employee respondents respectively, claimed not to have received training provided by ERA. The interview made with the personnel manager indicates that training and development is a priority in ERA. Employees are encouraged to develop their skills by short as well as long term training. But as can be seen from the data, the majority (82.6 percent) current employees and (83.3 percent) of the ex-employees had not received any type of training.

Turnover would be a relatively unattractive option if employees are trained with firm-specific skills, which are much more valuable to their present employer than to prospective employers. The data shows that, the majority of the respondents did not receive any kind of training which could have a significant impact on reducing employee turnover in the Authority.

Table C-3-About Your Workplace						
In general, how good would you say managers at ERA are at keeping employees informed about the following?						
			Current Employees		**Ex-employees**	
No	**Item**	**Measurement**	No	%	No	%
1	Changes to the way the organization is run	Very Good	0	0.0	0	0.0
		Good	11	9.1	0	0.0
		Neither Good nor Poor	8	6.6	1	8.3
		Poor	10	8.3	1	8.3
		Very Poor	8	6.6	1	8.4
		Do not Know	84	69.4	9	75.0
	Total		121	100.0	12	100.0
2	Changes in staffing	Very Good	0	0.0	0	0.0
		Good	5	4.1	1	8.3
		Neither Good nor Poor	11	9.1	0	0.0
		Poor	21	17.4	3	25.0
		Very Poor	0	0.0	0	0.0
		Do not Know	84	69.4	8	66.7
	Total		121	100.0	12	100.0
3	Financial matters including budgets	Very Good	0	0.0	0	0.0
		Good	6	5.0	0	0.0
		Neither Good nor Poor	13	10.7	1	8.3
		Poor	14	11.6	2	16.7
		Very Poor	5	4.1	0	0.0
		Do not Know	83	68.6	9	75.0
	Total		121	100.0	12	100.0

In relation to item 1 of table C-3, to what extent respondents would say that managers at ERA are good in informing about change to the way the organization in run, the majority 69.4 percent of current employee and 75 percent of ex-employee respondents responded that they do not know. In relation to the extent of changes in staffing employees being informing 69.4 percent and 66.7 percent of current employee and ex-employee respondents respectively claimed “Do not know". With regard to the extent that managers at ERA are good at informing

financial matters including budgets, the majority 68.6 and 75 percent of current employee and ex-employee respondents respectively also said that they do not know.

Organization change influence employees' decision to quit. If the change is not communicated effectively, the change may result in increased turnover when organizations begin implementing the change. From the table it is observed that, when there is change in the organization, the majority of current employee and ex-employee respondents did not know. This shows that there is lack of communication between employees and management and as a result, it is contributing to the increased turnover rate of the Authority.

Table C-4-About Your Workplace						
Overall, how good would you say managers at ERA are at						
			Current Employees		**Ex-employees**	
No	**Item**	**Measurement**	No	%	No	%
1	Seeking the views of employees/employee Representative	Strongly Agree	0	0.0	0	0.0
		Agree	13	10.7	0	0.0
		Neither Agree nor Disagree	6	5.0	1	8.3
		Disagree	48	39.7	8	66.7
		Strongly Disagree	41	33.9	2	16.7
		Do not Know	13	10.7	1	8.3
	Total		121	100.0	12	100.0
2	Responding to suggestions from employees / Employee representatives	Strongly Agree	0	0.0	0	0.0
		Agree	8	6.6	0	0.0
		Neither Agree nor Disagree	15	12.4	2	16.7
		Disagree	39	32.2	9	75.0
		Strongly Disagree	53	43.8	1	8.3
		Do not Know	6	5.0	0	0.0
	Total		121	100.0	12	100.0
3	Allowing employees/employees representatives To influence final decision	Strongly Agree	0	0.0	0	0.0
		Agree	1	0.8	0	0.0
		Neither Agree nor Disagree	9	7.4	1	8.3
		Disagree	39	32.2	2	16.7
		Strongly Disagree	68	56.2	9	75.0
		Do not Know	4	3.4	0	0.0
	Total		121	100.0	12	100.0
4	Overall, how satisfied are you with the amount of involvement you have in decision-making in ERA?	Very Satisfied	2	1.7	0	0.0
		Satisfied	9	7.4	0	0.0
		Neither Satisfied nor Dissatisfied	13	10.7	1	8.3
		Dissatisfied	89	73.6	8	66.7
		Very Dissatisfied	8	6.6	3	25.0
	Total		121	100.0	12	100.0
5	Are you member of the labor union?	YES	43	35.5	2	16.7
		NO	78	64.5	10	83.3
	Total		121	100.0	12	100.0

With regard to item 1 of table C-4, managers seeking the views of employees or employee representatives, the majority of current employee ("Disagree"- 39.7% and "Strongly Disagree"- 33.9%) and ex-employee ("Disagree- 66.7% and “Strongly Disagree”- 16.7%) respondents claimed that managers at ERA do not seek view of employees or employee representative. When asked to what extent managers at ERA are good at responding to suggestion from employees and employee representative, 32.2 and 43.8 percent of current employee respondents claimed to "Disagree" and "Strongly disagree" respectively. Similarly, 75 and 8.3 percent of ex-employee respondents responded by disagreeing and strongly disagreeing respectively. Regarding to what extent managers at ERA are good at allowing employees or employee representatives to influence final decision, those who claim to "Disagree" are 32.2 and 16.7 percent of current employee and ex-employee respondents respectively, and those who claim to "Strongly Disagree" are 56.2 and 75 percent current employees and ex-employees respectively . The majority of both current and ex-employees in general disagree at managers allowing decision to be influenced by employees.

As indicated in item 4 of table C-4, the majority (73.6percent) of current employee respondents are dissatisfied with the amount of involvement they have in decision making .Also 6.6 percent of them are very dissatisfied .Similarly 66.7 and 25 percent of ex-employees respondents claimed to be “Dissatisfied “and “Very Dissatisfied” respectively with the amount of involvement they had in decision making .From the above table data, it can be inferred that the organization is highly centralized.

Allowing employees to have a say in their company makes them feel part of the organization. They feel that they have a stake in the organization they belong. However the data in table C-4 indicate that, the organization do not participate its employees in the decision making process. Employee participation is one of the retention mechanisms used to reduce turnover. However, management of ERA has failed to participate its employees in decision making which could have reduced the turnover rate of the Authority.

Table D-1-1-About Your view on Working in ERA					
To what extent do you agree or disagree with the following statements about working in ERA?					
		Current Employees		**Ex-employees**	
Item	**Measurement**	No	%	No	%
I share many of the values of ERA	Strongly Agree	5	4.1	0	0.0
	Agree	14	11.6	2	16.7
	Neither Agree nor Disagree	5	4.1	2	16.7
	Disagree	74	61.2	6	50.0
	Strongly Disagree	14	11.6	2	16.6
	Do not Know	9	7.4	0	0.0
Total		121	100.0	12	100.0

As indicated in table D-1-1, those current employee respondents who claimed to “Disagree" and “Strongly Disagree" to sharing the values of ERA are 61.2 and 11.6 percent respectively. Those of ex-employees respondents who claimed to "Disagree" and "Strongly Disagree" are 50 and 16.6 percent respectively. In total 72.8 (61.2 % -Disagree and 11.6 % -Strongly Disagree) and 66.6 (50.0 % -Disagree and 16.6 % -Strongly Disagree) percent of current employees and ex-employees respectively do not share many the values of the organization showing that there is person-organization culture mismatch with most employees which is adding to the reasons in ERA’s employee turnover.

Table D-1-2-About Your view on Working in ERA					
		Current Employees		**Ex-employees**	
Item	**Measurement**	No	%	No	%
I feel loyal to ERA	Strongly Agree	6	5.0	0	0.0
	Agree	14	11.6	1	8.3
	Neither Agree nor Disagree	7	5.8	1	8.3
	Disagree	51	42.1	8	66.7
	Strongly Disagree	43	35.5	2	16.7
	Do not Know	0	0.0	0	0.0
Total		121	100.0	12	100.0

Regarding to what extent that respondents agree or disagree to feeling loyal to ERA, 42.1 and 35.5 percent of the current employee respondents claimed to "Disagree" and "Strongly Disagree" respectively. Similarly, 66.7 and 16.7 percent of the ex-employee respondents claimed to "Disagree" and "Strongly Disagree" respectively. In total, most of the employees, 77.6 (42.1 %-Disagree and 35.5 %-Strongly Disagree) and 83.4 (66.7 %-Disagree and 16.7 %-Strongly Disagree) percent of current employees and ex-employees respectively do not feel committed to the organization indicative of turnover to occur. The management of ERA has failed to impart the feeling of commitment in its employees as a result the Authority has an increased turnover rate.

Table D-1-3-About your view on working in ERA

Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
I am proud to tell who I worked for	Strongly Agree	8	6.6	0	0.0
	Agree	19	15.7	2	16.7
	Neither Agree nor Disagree	8	6.6	1	8.3
	Disagree	73	60.4	7	58.3
	Strongly Disagree	13	10.7	2	16.7
	Do not Know	0	0.0	0	0.0
Total		121	100.0	12	100.0

When asked to what extent respondents agree or not of being proud of telling who they worked for, 60.4 and 10.7 percent of the current employee respondents said "Disagree" and "Strongly Disagree" respectively. The data on the ex-employees respondents shows a similar pattern - 58.3 and 16.7 percent claiming to "Disagree" and “Strongly Disagree" respectively. In total, most of the employees, 71.1(60.4 %-Disagree and 10.7 %-Strongly Disagree) and 73(58.3 %-Disagree and 16.7 %-Strongly Disagree) percent of current employees and ex-employees respondents respectively do not feel proud of telling others who they work for. The person-

organization mismatch, lack of identification with and involvement in the organization is observed here which increases the turnover rate of the Authority.

Table D-1-4-About your view on working in ERA					
		Current Employees		Ex-employees	
Item	**Measurement**	No	%	No	%
I feel I belong to a Team	Strongly Agree	3	2.4	0	0.0
	Agree	21	17.3	1	8.3
	Neither Agree nor Disagree	7	5.8	1	8.3
	Disagree	74	61.2	7	58.4
	Strongly Disagree	10	8.3	2	16.7
	Do not Know	6	5.0	1	8.3
Total		121	100.0	12	100.0

Regarding to what extent respondents agree or disagree of having a feeling of belonging to a team, 61.2 and 8.3 percent of the current employee respondents claimed to " Disagree" and "Strongly Disagree" respectively. The response of the ex-employees on the same issue revealed that 58.4 and 16.7 percent claimed to "Disagree" and "Strongly disagree" respectively. In summary, most of the employees, 69.5 (61.2 %-Disagree and 8.3 %-Strongly Disagree) and 75.1 (16.7 %-Disagree and 58.4 %-Strongly Disagree) percent of current employee and ex-employee respondents do not feel that they are part of a team. Lack of belongingness by the Authority's employees is evidenced which is contributing to the turnover of the Authority.

Table D-2 About Your view on Working in ERA						
Now thinking about the mangers at ERA, to what extent do you agree or disagree with the following						
			Current Employees		**Ex-employees**	
No	Item	**Measurement**	No	%	No	%
1	Deal with employees honestly	Strongly Agree	0	0.0	0	0.0
		Agree	11	9.1	2	16.7
		Neither Agree nor Disagree	14	11.6	1	8.3
		Disagree	70	57.9	5	41.7
		Strongly Disagree	5	4.1	3	25.0
		Do not Know	21	17.4	1	8.3
	Total		121	100.0	12	100.0
2	Encourage people to develop their skills	Strongly Agree	0	0.0	0	0.0
		Agree	19	15.7	2	16.7
		Neither Agree nor Disagree	13	10.7	0	0.0
		Disagree	76	62.8	8	66.7
		Strongly Disagree	10	8.3	0	0.0
		Do not Know	3	2.5	2	16.7
	Total		121	100.0	12	100.0
3	Treat employees fairly	Strongly Agree	4	3.3	0	0.0
		Agree	10	8.3	1	8.3
		Neither Agree nor Disagree	6	5.0	1	8.3
		Disagree	80	66.1	8	66.7
		Strongly Disagree	15	12.4	1	8.3
		Do not Know	6	5.0	1	8.3
	Total		121	100.0	12	100.0

In relation to item 1 of table D-2, when asked to what extent that respondents agree or disagree on managers of ERA dealing with employees honestly, 62 (57.9 %-Disagree and 4.1 %-Strongly Disagree) and 66.7 (41.7 %-Disagree and 25.0 %-Strongly Disagree) percent of current employee and ex-employee respondents respectively said that they disagree. With respect to what extent respondents agree or disagree on managers of ERA encourage employees to develop their skills 71.1 (62.8 %-Disagree and 8.3 %-Strongly Disagree) and 66.7

percent of current employee and ex-employee respondents respectively claimed to disagree. On the issue of managers of ERA treating employees fairly, 78.4 (66.1 %-Disagree and 12.3 %-Strongly Disagree) and 75 (66.7 %-Disagree and 8.3 %-Strongly Disagree) percent of current employee and ex-employee respondents respectively claimed to disagree.

Table D-3 About Your view on Working in ERA

Item	Measurement	Current Employees		Ex-employees	
		No	%	No	%
In general, how would you describe relations between mangers and employees at ERA?	Very Good	2	1.7	0	0.0
	Good	21	17.3	2	16.7
	Neither Good nor Poor	18	14.9	2	16.7
	Poor	77	63.6	7	58.3
	Very Poor	3	2.5	1	8.3
Total		121	100.0	12	100.0

As indicated in table D-3, on the relationship between managers and employees in ERA 1.7, 17.3, 14.9, 63.6 and 2.5 percent of the current employee respondents claimed to be "Very Good", "Good", "Neither Good nor Poor", "Poor" and "Very Poor" respectively. In the case of the ex-employee respondents, the data shows that, 16.7, 16.7, 58.3 and 8.3 percent claimed to be "Good"; " Neither Good nor Poor"; “Poor" and “Very Poor" respectively. In total, 66.1 (63.6 %-Poor and 2.5 %-Very Poor) and 66.6 (58.3 %-Poor and 8.3 %-Very Poor) percent of current employee and ex-employee respondents respective think that the relationship between managers and employees is poor.

The result from table D-2 and table D-3 show that, most of the employees feel that there is lack of trust, talent development , objectivity and fairness by their managers in the Authority which leads to job dissatisfaction and consequently to turnover.

Table D-4-1-About Your view on Working in ERA					
To what extent do you agree or disagree with the following statements about working in ERA?					
		Current Employees		**Ex-employees**	
Item	**Measurement**	No	%	No	%
Management has provided a clear path for Advancement	Strongly Agree	3	2.4	0	0.0
	Agree	18	14.9	1	8.3
	Neither Agree nor Disagree	7	5.8	0	0.0
	Disagree	10	8.3	1	8.3
	Strongly Disagree	2	1.7	0	0.0
	Do not Know	81	66.9	10	83.4
Total		121	100.0	12	100.0

In relation to table D-4-1, when respondents were asked to what extent they agree or not that management has provided clear path for advancement and career development, 66.9 and 83.4 percent of the current employee and ex-employee respondents respectively claimed to "Do not know". Of those who know about the career advancement ladder 17.3 (”Strongly Agree”- 2.5% and “Agree” -14.9%) and 10.0 (”Strongly Disagree”- 1.7% and “Disagree” - 8.3%) percent of the current employee respondents claimed to agree and disagree respectively. In the case of the ex-employee respondents 8.3 and 8.3 percent claimed to “Agree” and “Disagree” respectively. The interview made with their personnel administration manager indicated that, the organization has set a clearly defined path for employees to advance in the organization hierarchy. This clearly shows that management did not communicate the organization career advancement path to the employees effectively. Hence the Authority has failed to use one of the employee retention mechanisms.

Table D-4-2-About Your view on Working in ERA					
To what extent do you agree or disagree with the following statements about working in ERA?					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
Management recognize employees for their Contribution	Strongly Agree	2	1.7	0	0.0
	Agree	10	8.3	1	8.4
	Neither Agree nor Disagree	7	5.8	0	0.0
	Disagree	79	65.3	6	50.0
	Strongly Disagree	15	12.3	4	33.3
	Do not Know	8	6.6	1	8.3
Total		121	100.0	12	100.0

Regarding to what extent management recognizes employees for their contribution, the current employee respondents claimed to “Disagree" and “Strongly Disagree" in a relation of 65.3 and 12.3 percent respectively. 50 and 33.3 percent of the ex-employee respondents claimed to "Disagree" and "Strongly disagree" respectively. The Personnel Administration Manager responded to the question how the organization recognizes employees’ contribution, by saying that employee's contributions are recognized by giving promotion for top performers. This promotion depends mostly on the performance evaluation of the individual employee. Hence, those who are top performers will have high performance evaluation score and subsequently would be entitled to promotion. But, other information given by the Personnel Administration Manager, indicate that performance evaluation has not been carried for the last four years due to the failure of the result oriented performance evaluation method in the country in general and in ERA in particular. Therefore performance evaluation as a criteria for promotion and there by recognition of employees contribution is not happening in ERA and job dissatisfaction among employees ensues leading to increased turnover.

Table D-4-3,4-About Your view on Working in ERA						
To what extent do you agree or disagree with the following statements about working in ERA?						
No	**Item**	**Measurement**	**Current Employees**		**Ex-employees**	
			No	%	No	%
1	Communication system with management is Properly laid down	Strongly Agree	0	0.0	0	0.0
		Agree	15	12.4	1	8.3
		Neither Agree nor Disagree	10	8.3	0	0.0
		Disagree	62	51.2	8	66.7
		Strongly Disagree	28	23.1	3	25.0
		Do not Know	6	5.0	0	0.0
	Total		121	100.0	12	100.0
2	Disciplinary procedures are properly laid	Strongly Agree	4	3.3	0	0.0
		Agree	13	10.7	1	8.3
		Neither Agree nor Disagree	5	4.1	0	0.0
		Disagree	9	7.5	2	16.7
		Strongly Disagree	3	2.5	0	0.0
		Do not Know	87	71.9	9	75.0
	Total		121	100.0	12	100.0

With regard to what extent respondents agree or disagree on communication system with the management being properly laid down, majority (51.2 percent) and a significant (23.1 percent) current employee respondents claimed to "Disagree" and "Strongly Disagree" respectively. Similarly, 66.7 and 25 percent of ex-employee respondents claimed to "Disagree" and “Strongly Disagree" respectively. From the interview made with the Personnel Administration Manager; the communication system between management and employees is through the employee representative. But from item 5 of table C-4, most of the respondents, 64.5 and 83.3 percent of current employee and ex-employee respondents are not members of the Labour union. Therefore most of the employees at the head office are not represented in the Labour union. In relation to what extent that respondent agree or disagree on whether disciplinary procedures are properly laid down, 71.9 and 75 percent of the current employee and ex-employee respondents respectively claimed "Do not know". The response to this issue by the Personnel Administration Manager was "Yes". In addition, he said that, the disciplinary

procedures are printed and distributed to employees through the labor union. As indicated above, most employees are not member of the labour union.

Table D-4-5-About Your view on Working in ERA					
To what extent do you agree or disagree with the following statements about working in ERA?					
		Current Employees		**Ex-employees**	
Item	**Measurement**	No	%	No	%
Dispute/grievance handling mechanisms are Good	Strongly Agree	0	0.0	0	0.0
	Agree	11	9.1	1	8.3
	Neither Agree nor Disagree	3	2.5	1	8.3
	Disagree	18	14.9	1	8.4
	Strongly Disagree	0	0.0	1	8.3
	Do not Know	89	73.5	8	66.7
Total		121	100.0	12	100.0

Regarding to what extent respondents agree or disagree on dispute/grievance handling mechanisms being good, 73.5 and 66.7 percent of current employee and ex-employee respondents respectively claimed "Do not know". Here again the lack of communication between management and employees is clearly observed which is contributing to the reasons of increased turnover in the Authority.

Table D-5-About Your view on Working in ERA					
		Current Employees		**Ex-employees**	
Item	**Measurement**	No	%	No	%
Do you wish to stay In ERA?	YES	37	30.6	0	0.0
	NO	84	69.4	0	0.0
Total		121	100.0	0	0.0

Table D-6-About Your view on Working in ERA					
		Current Employees		Ex-employees	
Item	Measurement	No	%	No	%
If your answer is NO, which of the following reasons motivate you to leave ERA? (Rank them in priority)	Poor Compensation System	22	26.2	4	33.3
	Poor leadership and communication system	10	11.9	1	8.3
	Poor Training and development opportunity	20	23.8	2	16.7
	Job Dissatisfaction	5	6.0	1	8.3
	Seek of better job opportunity	12	14.2	3	25.0
	Low social and interpersonal relationship	2	2.4	0	0.0
	Lack of feeling of belongingness in ERA	13	15.5	1	8.3
Total		84	100.0	12	100.0

As indicated in table D-5 and D-6, 69.4 percent of the current employee respondents do not wish to stay in ERA. When asked what is the reason or what motivates them to leave ERA, 26.2, 11.9, 23.8, 6.0, 14.2, 2.4 and 15.5 percent of the current employee respondents claimed it to be poor compensation system; poor leadership and communication system; poor training and development opportunity; job dissatisfaction; seek of better job opportunity; low social and interpersonal relation and lack of belongingness in ERA respectively. With respect to ex-employee respondents 33.3, 8.3, 16.7, 8.3, 25 and 8.4 percent claimed it to be poor compensation system; poor leadership and communication system; poor training and development opportunity; job dissatisfaction; seek of better job opportunity and lack of feeling of belongingness in ERA respectively. This indicates that there is no single factor alone that is contributing to turnover. It is a combination of factors that are contributing to employee turnover.

Chapter Five

5-Summary, Conclusion and Recommendation

5.1 Summary

Based on the analysis and interpretation made in the previous chapter the major findings are summarized as follows.

A. Most of the current employee and ex-employee respondents are found to be male, single and had been in the organization for less than two years.

B. ERA conducts formal selection and recruitment procedure but do not give orientation to the new employees and majority of current and ex-employee respondents strongly believe that orientation is necessary.

C. The majority of the respondents' expectations to join the Authority have not been met after they were employed.

D. Though the management of ERA believes in training, most of the employees did not receive training in relation to their job.

E. The majority of the respondents do not have any information with regard to career ladder and disciplinary procedures.

F. Most of the current employee and ex-employee respondents disagree with the communication system between management and employees being properly laid down and management recognition of employees' contribution to the Authority.

G. The majority of both current employee and ex-employee respondents do not have any information with regard to the way the organization is run, changes in staffing and financial matters including budgets.

H. Most of the current employee and ex-employee respondents disagree with sharing many of the values of the Authority; do not feel loyal to the Authority; and lack feeling of belongingness in ERA.

5.2 Conclusion

Based on the main findings above, the following conclusions are drawn.

A. The organization does not provide any orientation to new employees which may create reality shock on employees as they join the Authority that in turn causes early employee resignation.

B. Management is aware of the high skilled manpower turnover it is facing but has only associated the cause to only the poor compensation system the Authority has.

C. Training and development programs are not given to the employees as much as it is claimed by the management.

D. The compensation system and benefit packages of the Authority are not that much attractive when compared to the market.

E. The mismatch between person and organization and the difference in culture of employees and the Authority is evidenced which cause employees to quit their job.

F. Most of the jobs employees perform are monotonous.

G. The Authority has a poor communication system. Employees do not know what the organization programs are in relation to employee career development, budgets etc.

H. The Authority's skilled manpower turnover is associated to a number of factors other than the poor compensation system it has.

I. Employees working in ERA acquaint themselves with their job, workgroup and the company's culture through non programmed effort. Therefore the Authority has failed to use widely known systematic methods of socialization in work settings.

5.3 Recommendation

On the basis of the findings derived and conclusions drawn with regard to the skilled manpower turnover in ERA, the following recommendations are made with the hope that implementation would alleviate or reduce the problem identified.

A. The organization should revise its compensation system according to market. Competitive compensation packages can signal strong commitment on the part of the company, and can therefore build a strong reciprocal commitment on the part of workers.
B. The Authority should attach reward systems and performance so that top performers can be rewarded better than others to motivate and retain them.
C. The Authority should give Training and Development as much as possible to increase the retention rate through well-developed training programs.
D. How companies recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. The Authority should give new employees orientation with regard to their work, work group and organization culture during recruitment.
E. The Authority should emphasize the importance of providing “realistic job previews” to potential employees. These previews provide potential new hires with more than just a cursory glance at a company’s operations, providing the candidate with enough information to make a decision about whether it is the right workplace for her or him.
F. The Authority should design the jobs so that it allows employees greater autonomy on the job, presenting more interesting challenges, or increasing the diversity of tasks.

G. Performance appraisals help in making a number of HR decisions related to compensation, training, promotion, and even termination. Therefore the Authority should work on a method to evaluate the performance of its employees.

H. Finally, most, if not all, of practices used to retain employees fundamentally depend on a sound approach to communicating with employees. Without communications, many of the employee retention mechanisms would be difficult to implement, or it would at least be difficult to implement them with the goal of retaining employees. Therefore, the management of ERA should work on communicating its intentions, programs and benefits to the employees effectively.

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Appendices

Questionnaire I

Questionnaire to be Filled by Employees of Ethiopian Roads Authority (ERA)

Addis Ababa University
Faculty of Business and Economics
MBA Program

Questionnaire to be Filled by Employees of Ethiopian Roads Authority (ERA)

You are being invited to participate in a research study about employee turnover on Ethiopian Roads Authority. The objective of this research project is to attempt to understand why skilled employees leave their jobs.

There are no costs for participating in the study. In order for the survey to give a true picture your genuine response will have a great impact. So feel free and respond to the questions in the way you really feel.

A. BACKGROUND INFORMATION

A1- Your age Group

Below 25 ☐ 31 - 35 ☐ Above 40 ☐

25 - 30 ☐ 36 - 40 ☐

A2- Sex

Male ☐ Female ☐

A3- Martial Status

Married ☐ Single ☐

A4- Qualification

12+2 ☐ MSc/MA ☐

BSc/BA ☐ PhD ☐

A5- How many years in total have you worked in ERA?

Tick One Box Only

Less than 1 Year ☐ 2 to less than 5 years ☐ 10 years or more ☐

1 to less than 2 years ☐ 5 to less than 10 years ☐

A6- Years of service of your current position

Tick One Box Only

Less than 1 Year ☐ 2 to less than 5 years ☐ 10 years or more ☐

1 to less than 2 years ☐ 5 to less than 10 years ☐

B. ABOUT YOUR JOB

B1- Are you satisfied with the sense of achievement you get from your work?

Yes ☐ No ☐

B2-If your answer is NO, why is it?

☐ Job is Monotonous

☐ Job is Mechanistic

☐ I feel that what I contribute is less

☐ I feel that I am not contributing to ERA's Objective

B3-Did you receive information as to your job, objective and mission, etc during recruitment?

Yes ☐ No ☐

B4-Do you think that orientation is necessary after placement for newly employed?

Yes ☐ No ☐

B5-Are you satisfied with the amount of pay you get?

Yes ☐ No ☐

B6- To what extent do you agree or disagree with the following statements about joining ERA?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I was motivated to join ERA for gain of experience	☐	☐	☐	☐	☐
I was motivated to join ERA because of the salary scale	☐	☐	☐	☐	☐
I was motivated to join ERA because I did not have any other job	☐	☐	☐	☐	☐
I was motivated to join ERA because I thought ERA has good opportunity for training and development	☐	☐	☐	☐	☐

B7-After joining ERA, were your expectations met?

Yes ☐ No ☐

C. ABOUT YOUR WORK PLACE

C1-How well do the work skills you personally have match the skills you need to do your job?

Tick One Box Only

My own skills are

- Much higher ☐
- A bit higher ☐
- About the same ☐
- A bit lower ☐
- Much lower ☐
- Not in congruence with the job ☐

C2-Has ERA had ever provided you with any training?

Yes ☐ No ☐

C3-In general, how good would you say managers at ERA are at keeping employees informed about the following?

Tick One Box in Each Row

	Very Good	Good	Neutral	Poor	Very Poor	Do not Know
Changes to the way the organization is run	☐	☐	☐	☐	☐	☐
Changes in staffing	☐	☐	☐	☐	☐	☐
Financial matters including budgets	☐	☐	☐	☐	☐	☐

C4-Overall, how good would you say managers at ERA are at

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Seeking the views of employees/employee Representative	☐	☐	☐	☐	☐	☐
Responding to suggestions from employees / Employee representatives	☐	☐	☐	☐	☐	☐
Allowing employees/employees representatives To influence final decision	☐	☐	☐	☐	☐	☐

C5-Overall, how satisfied are you with the amount of involvement you have in decision-making in ERA?

Tick One Box Only

Very satisfied	☐
Satisfied	☐
Neither Satisfied nor Dissatisfied	☐
Dissatisfied	☐
Very dissatisfied	☐

C6-Are you member of the labour union?

Yes ☐ No ☐

D. YOUR VIEW ON WORKING IN ERA

D1-To what extent do you agree or disagree with the following statements about working in ERA?

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
I share many of the values of ERA	☐	☐	☐	☐	☐	☐
I feel loyal to ERA	☐	☐	☐	☐	☐	☐
I am proud to tell who I worked for	☐	☐	☐	☐	☐	☐
I feel I belong to a Team	☐	☐	☐	☐	☐	☐

D2-Now thinking about the mangers at ERA, to what extent do you agree or disagree with the following

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Deal with employees honestly	☐	☐	☐	☐	☐	☐
Encourage people to develop their skills	☐	☐	☐	☐	☐	☐
Treat employees fairly	☐	☐	☐	☐	☐	☐

D3-In general, how would you describe relations between mangers and employees at ERA?

Tick One Box Only

- Very good ☐
- Good ☐
- Neither Good nor Poor ☐
- Poor ☐
- Very poor ☐

D4-To what extent do you agree or disagree with the following statements about working in ERA?

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Management has provided a clear path for Advancement	☐	☐	☐	☐	☐	☐
Management recognize employees for their Contribution	☐	☐	☐	☐	☐	☐
Communication system with management is Properly laid down	☐	☐	☐	☐	☐	☐
Disciplinary procedures are properly laid	☐	☐	☐	☐	☐	☐
Dispute/grievance handling mechanisms are Good	☐	☐	☐	☐	☐	☐

D5-Do you wish to stay In ERA?

Yes ☐ No ☐

D6- If your answer is NO, which of the following reasons motivate you to leave ERA? (Rank them in priority)

- Poor Compensation System ☐
- Poor leadership and communication system ☐
- Poor Training and development opportunity ☐
- Job Dissatisfaction ☐
- Seek of better job opportunity ☐
- Low social and interpersonal relationship ☐
- Lack of feeling of belongingness in ERA ☐

Questionnaire II

Questionnaire to be Filled by EX-Employees of Ethiopian Roads Authority (ERA)

Addis Ababa University
Faculty of Business and Economics
MBA Program

Questionnaire to be Filled by Ex-Employees of Ethiopian Roads Authority (ERA)

You are being invited to participate in a research study about employee turnover on Ethiopian Roads Authority. The objective of this research project is to attempt to understand why skilled employees leave their jobs.

There are no costs for participating in the study. In order for the survey to give a true picture your genuine response will have a great impact. So feel free and respond to the questions in the way you really feel.

A. BACKGROUND INFORMATION

A1- Your age Group

Below 25 ☐ 31 - 35 ☐ Above 40 ☐

25 - 30 ☐ 36 - 40 ☐

A2- Sex

Male ☐ Female ☐

A3- Martial Status

Married ☐ Single ☐

A4- Qualification

12+2 ☐ MSc/MA ☐

BSc/BA ☐ PhD ☐

A5- How many years in total have you worked in ERA?

Tick One Box Only

Less than 1 Year ☐ 2 to less than 5 years ☐ 10 years or more ☐

1 to less than 2 years ☐ 5 to less than 10 years ☐

A6- Years of service in your last position in ERA

Tick One Box Only

Less than 1 Year ☐ 2 to less than 5 years ☐ 10 years or more ☐

1 to less than 2 years ☐ 5 to less than 10 years ☐

B. ABOUT YOUR JOB

B1- Were you satisfied with the sense of achievement you get from your work?

Yes ☐ No ☐

B2-If your answer is NO, why was it?

☐ Job is Monotonous

☐ Job is Mechanistic

☐ I feel that what I contribute is less

☐ I feel that I am not contributing to ERA's Objective

B3-Did you receive information as to your job, objective and mission, etc during recruitment?

Yes ☐ No ☐

B4-Do you think that orientation is necessary after placement for newly employed?

Yes ☐ No ☐

B5-Were you satisfied with the amount of pay you get?

Yes ☐ No ☐

B6- To what extent do you agree or disagree with the following statements about joining ERA?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I was motivated to join ERA for gain of experience	☐	☐	☐	☐	☐
I was motivated to join ERA because of the salary scale	☐	☐	☐	☐	☐
I was motivated to join ERA because I did not have any other job	☐	☐	☐	☐	☐
I was motivated to join ERA because I thought ERA has good opportunity for training and development	☐	☐	☐	☐	☐

B7-After joining ERA, were your expectation met?

Yes ☐ No ☐

C. ABOUT YOUR WORK PLACE

C1-How well did the work skills you personally had match the skills you needed to do your job in ERA?

Tick One Box Only

My own skills were

- Much higher ☐
- A bit higher ☐
- About the same ☐
- A bit lower ☐
- Much lower ☐
- Not in congruence with the job ☐

C2-Have you ever had any training in ERA?

Yes ☐ No ☐

C3-In general, how good would you say managers at ERA were at keeping employees informed about the following?

Tick One Box in Each Row

	Very Good	Good	Neutral	Poor	Very Poor	Do not Know
Changes to the way the organization is being run	☐	☐	☐	☐	☐	☐
Changes in staffing	☐	☐	☐	☐	☐	☐
Financial matters including budgets	☐	☐	☐	☐	☐	☐

C4-Overall, how good would you say managers at ERA were at

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Seeking the views of employees/employee Representative	☐	☐	☐	☐	☐	☐
Responding to suggestions from employees / Employee representatives	☐	☐	☐	☐	☐	☐
Allowing employees/employees representatives To influence final decision	☐	☐	☐	☐	☐	☐

C5-Overall, how satisfied were you with the amount of involvement you had in decision-making in ERA?

Tick One Box Only

Very satisfied	☐
Satisfied	☐
Neither Satisfied nor Dissatisfied	☐
Dissatisfied	☐
Very dissatisfied	☐

C6-Were you member of the labour union?

Yes ☐ No ☐

D. YOUR VIEW ON WORKING IN ERA

D1-To what extent do you agree or disagree with the following statements about working in ERA?

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
I shared many of the values of ERA	☐	☐	☐	☐	☐	☐
I felt loyal to ERA	☐	☐	☐	☐	☐	☐
I was proud to tell who I worked for	☐	☐	☐	☐	☐	☐
I felt I belonged to a Team	☐	☐	☐	☐	☐	☐

D2-Now thinking about the mangers at ERA, to what extent do you agree or disagree with the following

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Dealt with employees honestly	☐	☐	☐	☐	☐	☐
Encouraged people to develop their skills	☐	☐	☐	☐	☐	☐
Treated employees fairly	☐	☐	☐	☐	☐	☐

D3-In general, how would you describe relations between mangers and employees at ERA?

Tick One Box Only

- Very good ☐
- Good ☐
- Neither Good nor Poor ☐
- Poor ☐
- Very poor ☐

D4-To what extent do you agree or disagree with the following statements about working in ERA?

Tick One Box in Each Row

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Do not Know
Management has provided a clear path for Advancement	☐	☐	☐	☐	☐	☐
Management recognized employees for their Contribution	☐	☐	☐	☐	☐	☐
Communication system with management was Properly laid down	☐	☐	☐	☐	☐	☐
Disciplinary procedures were properly laid	☐	☐	☐	☐	☐	☐
Dispute/grievance handling mechanisms were Good	☐	☐	☐	☐	☐	☐

D5- Which of the following reasons motivate you to leave ERA? (Rank them in priority)

- Poor Compensation System ☐
- Poor leadership and communication system ☐
- Poor Training and development opportunity ☐
- Job Dissatisfaction ☐
- Seek of better job opportunity ☐
- Low social and interpersonal relationship ☐
- Lack of feeling of belongingness in ERA ☐

Interview

Questions of the Interview made with the Personnel Administration Manager of ERA

Interview with the Personnel Administration Manager

Interview will be made with the concerned manager (Personnel Administration Manager) to asses whether the organization is aware of about the existence of turnover ,rates , causes and costs of the employee turnover and retention mechanism followed(if any) to reduce the turnover ratio.

Reasons for termination of employment

1. Do you feel that the mobility of skilled manpower from the organization is a serious problem? _____

_____

2. What is your view about the intensity labour turnover? _____

_____

3. Do you make exit interview, when employees resign?_____

_____

4. If yes, why did they leave the organization?_____

_____

5. If exit interview was not made, what possible reasons can be mentioned for employee resignation? _____

_____

6. Do you feel that there exists equal opportunity for promotion for all employees of the organization? _____

_____

7. How does ERA recognizes employee contribution? _____

_____

8. Do you feel that employees of ERA earn adequate financial compensation when compared to the market? _____

_____

9. Do you think that there exists smooth relationship between management and employees? _____

_____

10. How do you characterize communication system between management and employees at different level of the organization? _____

_____

11. Do you give employees orientation during recruitment time? _____

_____

Question related to costs of Turnover

1-For recruitment, which media do you use to notify potential candidates for vacancies

A. Newspaper
B. Television
C. Radio
D. Other

2-What is the estimated average cost of the media used?_____

_____

3-Do you measure the cost of turnover?_____

4-If Yes, what are the items you include in determining the cost of turnover?_____

_____

Question related to Retention Mechanism

1-What retention mechanism ERA is currently using to reduce labour turnover

- By giving full information to new employees when they are hired about the organization ,working condition, workgroup
- By giving adequate compensation system
- By following more precise selection and placement procedures
- By participating employee in decision making
- By responding to employee recognition ,expectation and needs
- Other please specify

2-If ERA is not currently taking any measures, what mechanism is the organization is planning to take? _____

_____

_____