



ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

**Employee Turnover and Organization Performance: The Case of Shintes ETB
Garment PLC**

**A Thesis Submitted to Addis Ababa University School of Commerce
Graduate Studies Program in Partial Fulfillment of the Requirements for the
Award of Master of Arts Degree in Human Resource Management**

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Declaration

I declare that this thesis entitled “*Employee Turnover and Organizational Performance: The case of Shintes ETP Garment Plc*” is my original work. It has not been submitted for a degree in any other universities and all the materials used in this study have been duly acknowledged.

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This is to certify that the thesis prepared by Blen Asegid which is entitled “*Employee Turnover and Organizational Performance: The Case of Shintes ETP Garment Plc*” submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resource Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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ACRONYMS AND ABBREVIATIONS

AAU	Addis Ababa University
AGOA	The African Growth and Opportunity Act
E.C.	Ethiopian Calendar
ETP	Ethiopia
Plc.	Private limited company

ABSTRACT

This study focuses on variable such as turnover and organizational performance and the possible interaction between them. More specifically, the main purpose of this study was to assess the relationship between turnover of employees and organizational performance at Shintes ETP Garment Plc which is found in Addis Ababa Bole Lemi Industrial Park and owned by Korean investors. The study adopted a descriptive survey research design. In the course of the study, the researcher selected a sample of 205 employees of the factory from the total of 4019 employee population working in it using a stratified and systematic random sampling techniques to all employees except the corporate managers, who were selected in a census approach, in a way that it provides equal chance for all the employees to be selected for the study in which case generalization of the findings to the overall organization were possible. Consequently, the data gathering tools prepared for the study were employed i.e. semi-structured interview items to corporate managers and questionnaires to all other employees. The data collected were then presented, analyzed and interpreted both qualitatively and quantitatively. More specifically, the study indicated the existence of high level of turnover in the industry and its strong influence on organizational performance was also justified by both the qualitative and quantitative analysis. Therefore, the study found out that low pay and benefit packages, employee-organization relationship, repetitive nature of the job, absence of job rotation, motivation, incompatibility of working culture between the owner and majority of employees, poor recruitment and selection procedures as the major causes for turnover. On the other hand, the influence of turnover was manifested in high cost of recruitment, training, productivity and quality of production. The company is attempting to put into place strategy like free lunch service to reduce turnover but it didn't bring the desired outcome. Besides, the company is planning to build up dormitories for the employees' with the intent of retaining them which still seems restrictive when it comes to the privacy and choice of employees.

Key Words: *Turnover, Implications of Turnover on Performance, and Organisational performance.*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

The concept of “Human Resource Management” implies that employees are vital resources of an organization. Of the existing types of resources found in business organizations, human capital refers to the employees of an organization which are in reality the most important ones when it comes of the success of the organization. Even so, having a human capital alone cannot guarantee the success of an organization without making sure that they obtain the required training, qualification, and engaged in continuous learning program to be able to adapt with the changing technological and social demands (Surji, 2013). Moreover, an organization which can be able to nurture such a human capital can be able to retain its employees through whom it can be able to reach its goal. In this regard, investing lots of resources in recruiting, selecting, training and continually equipping employees in an organization won’t take anywhere unless and otherwise the organization being able to design a mechanism in retaining them for the longest time possible (Rehman, 2012). In relation to this, the behavioral and personality pattern of employees is equally important to their competence which is mostly ignored by most employers.

Therefore, human resource management is one of the crucial functions that should be carried out in a systematic way so as to maintain well performing employees within the organization. Thus, organizations should have effective human resource management system that is well formulated and implemented to ensure that they hire the right employee and maintain employees who contribute to the successful accomplishment of organization objective.

On the other hand, a certain degree of labor turnover may be desirable while it enables an organization to drop employees with poor performance or negative influence on workplace. In other words, turnover in such a case can have positive effect and creates an opportunities to induce wider experience, new ideas to the organization as well as providing career development opportunities for existing workers. Be that as it may, unplanned and frequent employee turnover is not good for any business as it definitely hampers the normal functioning.

In addition to this, persistent high level of labor turn turnover can be costly to both individual organizations and the economy as a whole as it adversely affects efficiency, productivity,

profitability of the organization and morals of employees. Many previous studies showed that an excessive turnover rate clearly has a tremendous negative impact in an organization's performance especially when the experienced and skilled ones left (Surji, 2013; Rehman, 2012; Kumar, 2012; & Martin, 2005). It is so, as the high rate of employee turnover leads to remain with a large percentage of novice workers while the expectation its customers are very high due to its reputation. The problem is much more pronounced when the business is a manufacturing one like the one considered in this study as quality would get compromised greatly.

In reality, turnover can be both voluntary and involuntary and current studies have shown that, organizations with high rates of voluntary turnover are often found to be harmful to firm's performance (Kondalkar, 2007). Voluntary turnover is turnover initiated by employees themselves and it has an adverse effect on performance, service delivery, profit, and on other outcomes that organization set as objectives. It is so as a given replacing a vacancy in an organization takes time and demands cost.

On the other hand, the actual practice indicates that most managers don't give that much of attention to this problem. Turnover costs are important but often hidden from managers as there are no profit and loss statements that specifically capture the "cost of voluntary turnover". Instead, the costs are buried in line items like recruitment, selection, temporary staffing and training. What is worse was that, the real but unmeasured costs from losses of customer service continuity or critical implicit knowledge are never calculated as illustrated by Abdali (2011).

Human resources professionals continually work to control their companies' employee retention and turnover rates. Retention is the term given to keeping loyal employees on board with your company. Turnover is the term given to the rate at which you lose existing employees and replace them with new ones as explained by scholars in the field (Butali, Wesang and Mamuli, 2013). Understanding employee retention and turnover can enhance the human resources policies and build a productive workforce. Armstrong (2001) also observed that long-term employees generally have higher productivity and efficiency on the job than newer employees, due to their length of experience with the firm. Loyal employees also improve operational processes and train incoming employees.

Peggy and Bernard (2016) can be considered as a study conducted in the African region as it was made in Mombasa. Their study focuses on to examine the relationship between recruitment strategy, supervision strategy and employee retention strategy towards organizational

performance. Peggy and Bernard have found out that recruitment, supervision and retention strategies were positively related to performance in a statistically significant manner but in a different degree. Similarly, Ahmed, Sabir, Khosa, Ahmad and Bilal (2016) conducted a study to investigate the impact of employee turnover on the effectiveness of an organization. In their study, issues such as pay level, firm's stability, work environment, training opportunity and supervision were among the possible causes of turnover which per se impacted significantly the performance of the organization. Moreover, their study assessed the degree of correlation among the cause of turnover and it was found that they were highly correlated one another.

When it comes to locally made studies, we may find Kumar (2011) who has conducted a study so as to find out the causes of turnover at ArbaMinch Textile Company and come up with low salary as a main underlying reason. Besides, his study indicated that lack of training, failure to recognize one's accomplishment, lack of promotion, poor decision making and supervisor – subordinate relationships, and poor performance appraisal resulted in low commitment of employees which eventually led to increased turnover rate. In Kumar's study, the turnover of highly experienced and high performing male employees was very high in which case we could imagine how challenging and destructive this would be to the company.

1.2. Statement of the Problem

It's believed that certain amount of turnover is acceptable by most organizations so as to bring new blood to the workforce. On the other hand, it can also be a problem when well experienced and valuable employees leave the organization unexpectedly and replacing them is difficult. Organizations make investment on their employees by training and developing them, motivate them expecting a return which adds value to the organization performance. So when these employees leave, the organization may face a loss and other difficulties in achieving organizational goals and objectives.

According to the informal discussions that the researcher had with employees and human resource managers of similar companies found in Lemi Industrial Park, it was indicated that turnover is becoming one of the major problems for most companies found in the park. These firms have lost a number of their fruitful employees due to several reasons. Even so, no study has ever been conducted in finding out *the relationship between turnover of employees and organizational performance except* the interim and annual reporting of turnover in individual

firms. In this regard, the most of the informal discussion revealed that the reasons for turnover have been excessively attached to low salary. However, the researcher doesn't admit that low salary alone cannot be considered as a major underlying reason for the observed high rate of turnover in the industrial parks taking into account the science of human resource management. Therefore, this study has been launched with the intent of assessing all the possible underlying relationship between employees' turnover and organizational performance at Shintes ETP Garment PLC by applying a scientific research approaches.

1.3. Research Questions

In this study, the research will attempt to answer the following basic research questions:

1. What are the major causes for employees' turnover in the company?
2. What is the implication of employees' turnover on organizational performance?
3. What is the attitude of the corporate managers of the company towards employees' turnover?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study is to assess the relationship between employees' turnover and organizational performance at Shintes ETP Garment PLC which is one of the garment manufacturing companies found at Bole Lemi Industrial Park, Addis Ababa.

1.4.2. Specific Objectives

More specifically, this research is intended to have the following objectives:

- To assess the major causes for employees' turnover in the company.
- To identify the implication of employees' turnover on organizational performance.
- To learn about the perception of corporate managers in the company towards employees turnover.

1.5. Significance of the Study

The need for this research comes from two points of views. The first is the review of different literatures on employee turnover. These literatures have showed that unplanned and frequent turnover have a negative effect on the performance of most organization but in the country Ethiopia this issue is not given the attention needed due to the high level of cheap labor. Most managers say that “if one employee leaves another will be replaced” without considering the cost and time it takes plus the performance gap that will be created in the replacement process. This way of looking this problem is wrong; the awareness to turnover needs to change. Companies have to measure their turnover rates and its effect on their performance, assess what causes it and take necessary action to minimize it as much as possible.

The findings and recommendations of the study would be vital for the human resource practitioners who design and administer employee retention and development system to achieve organizational objectives and tackle the problem regarding employee turnover on different manufacturing ventures found in Ethiopia more specifically to industries found in different industrial parks in Ethiopia.

Besides, the study would give readers an idea on the relationship between employees’ turnover and organizational performance and will also aid other researchers as a reference for further investigation on issues which are related to these topics.

1.6. Scope of the Study

The research is designed to assess the relationship between employee turnover and organizational performance at Shintes ETP Garment Plc. In this regard, the technical analysis of how turnover affected the productivity, quality of the work, loss and cost in terms of finance are not assessed in detail but rather the study focuses on the description of how turnover is caused and what implication it has on performance only based on the perception of employees, supervisors, line managers and corporate managers of the organization.

1.7. Limitation of the Study

This study has limitations in terms of the secondary data that show the magnitude of turnover in the past five years of the company’s journey. It so as the data compiled by the company is

prepared in terms of each individuals name and related details in which case it was not found convenient to be used for this study. In this regard, this study only uses a primary data collected through questionnaires and interview.

1.8. Operational Definition of Terms

The following terms are defined in the context of the study:-

Turnover: is used to define either of voluntary and / or of an involuntary turnover.

Involuntary turnover: used to refer separation of employees from the company that occurs when an employer fires or decides to terminate its relation with an employee due to economic reasons, or incompetence.

Retention: is used to refer the ability to keep employees in the company.

Voluntary turnover: used to refer to case of separation of an employee from its employer with his/her own decision for personal or professional reasons ending a work contract without any imposition or influence of any kind.

1.9. Organization of the Paper

The paper is organized in five chapters. The first chapter includes introduction which encompass background of the study, statement of the problem, research question, objective the study both general and specific, and significance of the study, limitation, delimitation of the study and nature of the result. The next chapter explores different literatures which are related to the topic. The third chapter explains the research design and methodology applied to make the research. In the fourth chapter the researcher clearly presents, analyze the data collected and will interpret and discuss the findings briefly. Finally the last chapter which is chapter five concludes the paper by proving summary and recommendation.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

Introduction

In our today's working environment, organizations human resources are truly the only sustainable competitive advantage while product innovation 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 of an organization. Human resources professionals have continually worked to control their companies from high turnover rates using different retention policy to keep their loyal employees on board and preventing turnover. In this chapter, issues related to turnover like how it is caused and how it impacted performance is discussed. Moreover, possible retention strategies found in the literature are also reviewed briefly.

2.1. The Concept of Turnover

Turnover according to Anthony (2006) refers to the ratio of leavers to the average numbers employed during the course of the year. On the other hand, Armstrong (2006) put labor turnover as a measure of the rate of change of an organization's workforce, and still another scholar named Kondalkar (2007) defines employee turnover as a ratio comparison of the number of employees a company must replace in a given period of time. It is the ratio of the number of workers that had to be replaced in a given time.

Employee turnover occurs when workers leave an organization and need to be replaced by new recruits. As it was stated by Martin (2005), turnover is a term used to describe the departure of people from their organization. Employee turnover can be conceptualized as the departure of employees from their current organization but not from the profession altogether.

Gomez, Balkin & Cardy (2001) explained that employee turnover occurs when an employee ceases to be a member of an organization. The turnover rate is a measure of the rate at which employees leave the firm. Companies try to monitor and control their turnover rate so that they can, in turn, monitor and control the cost of replacing employees. Similarly, Ferreira and Almeida (2015) suggested that turnover occurs when employees leave an organization and have to be replaced with new ones. Certainly, not all turnovers are negative. Some workforce losses

are quite desirable, especially if those workers who leave are lower-performing, less reliable individuals and 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.

2.2. Causes of Employees' Turnover

There are many reasons that cause employees to leave their organization. According to Kim, Kim and Rhee (2017), better pay and prospects, personal reasons, career-related issues, company-related issues, market factor, job-related issues are the main reasons for employees to leave their organization. Also Al Mamun and Hasan(2017) stated that the relationship between employees and management or the nature of the management leadership style is also another reason for most employees to quit. A poor relationship with the management can be an important reason for the employees to leave their jobs. It is relatively rare for people to leave jobs in which they are happy even offered by higher salary elsewhere as Rehman (2012) demonstrated. In this case, we may conclude that employer-employee relationship plays a vital role on turnover.

Ampomah and Cudjor (2015) revealed that employees voluntarily resign their employment in an organization for various reasons which can be either the pull or push factors and sometimes, it can also be the mixture of both the pull and push factors. The pull factors include the attraction of a new job especially in a growing economy. In such cases, it is the availability of alternative jobs that attracts an employee to withdraw from a particular organization while the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. Job satisfaction is the attitude of employees towards his/her job. Job satisfaction is a major factor to analyze performance of an individual towards his work. Satisfied workers are productive workers who contribute towards building an appropriate work culture in an organization and have low level of turnover.

An analysis of the reasons for leaving derived from exit interviews will also provide useful information on which to base retention plans. Exit interviews aim to establish why people are leaving, not to persuade them to stay. The reasons for leaving can be more pay, better prospects (career move), more security, more opportunity to develop skills, better working conditions; poor

relationships with manager/team leader; poor relationship with colleagues; bullying or harassment; personal – pregnancy, illness, moving away from area and so on as Armstrong (2006) illustrated. Sound human resource practices are also contributed in lowering turnover and increase productivity as found out by Ahmed, Sabir, Khosa, Ahmad and Bilal (2016).

Abdali(2011) has further illustrated some of the major reasons as to why most employees leave which are briefly reviewed hereunder:

Demographic and Personal Characteristics of an employee: The demographic and personnel characteristics of an employee may be reason of leaving from the organization. These characteristics are age, gender, qualification, marital status, experience and tenure. Different researches proved different demographic characteristics for reason of leaving. According to Home and Griffeth (1995) as cited by Abdali, women did not quit their jobs more freely than did men; rather they were more loyal employees. Kinship association and number of children improved turnover while the number of relatives in the community increase organizational exits. Older employees who have long stay in the company depart unusually than younger and short tenure employees.

Job Satisfaction: employees having job dissatisfaction leave their current employer more easily. The relation between job satisfaction and employee turnover is reciprocal to each other and this relationship is high when unemployment rate is low in the society and similarly low when unemployment rate is high.

Organization and Work Environment: The organization and work environment can be a combination of a lot of factors like compensation, disruptive justice or equity, leadership and supervision, peer-group relation, role states, company climate and promotion. This all have are somehow related to why most employees leave.

Reward and Salary: This plays an important role to retaining employees. Researchers believed that displeasure with salary and pay robustly motivate employee turnover (Milkovich and Newman 1993) as cited by Abdali. The lack of different compensation packages like fringe benefits and incentive pay definitely create an impact on retaining employee or departing from the organization.

Job Content: the content of the job can lead an employee to quit. Job content includes job scope which is the density and challenges of the job contents and this depend upon strength of growth need; its reutilization of the repetitiveness of a job, professionalism which is

related to bureaucratic involvement in the organization conflict with professional standards and ethical codes, deteriorating people's commitment to an organizational and job stress.

2.3. Implications of Employees' Turnover on Organizational Performance

Butali, Wesang and Mamuli (2013) explained that staff turnover is inevitable and is bound to exist in all industrial units even in those organizations where salary and working conditions are extremely attractive and satisfactory. However, high staff turnover is a serious problem and therefore should be treated carefully. High staff turnover adversely affect both employer and employees. The analyses made by Ferreira and Almeida (2015) shown that the consequence of staff turnover in such a way that it is costly for organizations. Every time an employee quits, a replacement must be recruited, selected, trained, and permitted time on the job to gain experience. These costs are not the only negative influences caused of turnover but also it has a tremendous challenge on performance of the organization as well. This challenge may specifically would be much more pronounced when it is a manufacturing industry which is typically identified by a twenty four hours functioning and having different departments which are responsible to get the job done in a stepwise manner.

Staff turnover can have a negative effect on an organization performance. It can lead to a loss of productivity, profitability, corporate knowledge, and skills and competencies. In addition, staff turnover is not just an issue for the organization experiencing staff turnover; it can also cause headaches for external organizations communicating with them (Butaliet *al.*, 2013).

Gomez *et al.*, (2001) have stated that employee turnover has somehow negative as well as positive consequences in any organization. To further explain this, the negative consequences can be seen as costs to the organization while the positive consequences are considered as benefit to the organization in a way to avoid incompetent and misbehaving staff members.

More broadly, turnover may have the following negative consequences such as:

Recruiting cost includes advertising the job vacancy, campus visit, recruiters' time search firm fees and etc. Even so, in Addis Ababa, the recruitment firms present only short listed candidates and still the organization is responsible to further make the screening and the skill assessments to select employees from the short listed ones in which case precious time is required.

Selection costs: are costs associated with selecting, hiring and placing a new employee in the job which involve interviewing the job applicant, arranging meetings to make selection decisions, testing the employee and conducting reference checks to make sure the applicant's qualification are legitimate.

Training cost: include the costs associated with an orientation to the company's values and culture. Also direct training costs specifically, the cost of instruction, books, and materials for training courses. Finally, while new employees are being trained, they are not performing at the level of fully trained employees, some productivity is lost. These costs are enormous and when a highly trained employee resigns without justifying these huge training expenses, organizations stand to lose all the investments already made.

Separation costs: The largest turnover cost involves compensation in terms of pay and benefits. Most companies provide severance pay for laid-off employees. Severance pay may add up to several months of salary for an experienced employee depending on their length of service.

On the other hand, performance of organizations encompasses three specific areas of firm outcomes such as financial performance; marketing performance; and shareholder return (Linda 2002). More specifically, profit is one of the financial performance measures in the sense that it is a common means of measuring organizations performance. Whereas, finding adequate market share for the products and services of an organization is also considered as one of the performance measures in relation to the marketing aspect of the firm.

Besides, there are a numerous factors that affect the performance in the working area. According to some researchers and practitioners, the factor that may affect the performance of employees at work place has an exclusive nature and function of job satisfaction change, or systematic development or weakening in job satisfaction. It was, therefore, concluded that turnover negatively affected by job satisfaction and performance at the same time. The higher the level of satisfaction; the lower the turnover rate is as explained by Kondalkar (2007).

Different researchers have showed the adverse relationship between turnover and performance. The notion that turnover decreases the organizational performance was supported by most researchers (Rehman, 2012; Linda, 2002; and Martin, 2005). Also Linda (2002) suggested that

turnover might improve job performance when an employee who planned to quit is being inefficient, as to the study made by Peggy and Bernard (2016), the prevalent relationship between turnover and performances a negative one.

2.4. Methods of Identifying Employee Turnover

Since turnover affects the most important resource of an organization which is the human resource, it needs to be examined and monitored continuously. Organizations need to know who is leaving, why they are leaving, and whether any effort on their part can minimize turnover or not. Several methods have been stated by different scholars and researchers that can help organization to identify turnover. Of the number of approaches that organizations may use in this regard exit interview, survey of ex-employees, and attitude surveys are the ones discussed briefly here under.

Exit interview: is the most common method used by most organization to assess employee's motivation for resigning. Many organizations conduct exit interviews with employees who are voluntarily leaving. These interviews provide important information for changing human resource policies and practices to decrease employee turnover, improve efficiencies. The most straightforward approach is to take the resigned through a questionnaire of direct questions concerning his/her satisfaction with pay, supervisor, development opportunities, relationships with colleagues and job content.

Surveys of Ex-employees: Another way of collecting information about the reason for staff resignation is to contact former employees some months after they left the organization and ask them for a considered view of their reasons for resignation. While the use of this method is relatively rare, as cited by Taylor, there have been a number of cases covered recently in the personnel journals that indicate some large organizations are experimenting with it. Candor is further encouraged if the surveys are carried out by independent bodies and are clearly labeled "private and confidential".

Attitude Surveys: A third approach is to seek the views of employees before they leave and so provide a basis for the development of policies and practices that will deter them from so doing. These too are truly effective only if confidential-so as to maximize

the chance of employees' stating honestly how they feel about their jobs, their perceived opportunities, their bosses, colleagues and the organization as a whole. Questions can also be asked about their current intentions with regard to the future and about their perception of alternative career paths open to them. Such approaches enable employers to anticipate in which areas future turnover is most likely to occur, and to gain an insight into the main causes.

2.5. Strategies to Minimize Employee Turnover

For many years the human resource staff was there to provide advice and assistance and have used different techniques as needed to reduce turnover.

Many organizations conduct exit interviews with employees who are voluntarily leaving. These interviews provide important information for changing HR and retention policies and practices to decrease employee turnover and improve organization performance (Murphy, 2009).

Retention could be improved by many factors like better recruitment effort, selecting right man for the right job, continuous review of job specifications and job descriptions, compensation practices, leadership and supervision, career planning and development, working condition, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, employee participation, turnover policies and appreciations (Martin, 2005).

During the recruiting process, the job should be outlined and a realistic preview of the job presented, so that the reality of the job matches the expectations of the new employee. A good way to eliminate voluntary turnover is to improve selection and to better match applicants to jobs. Good employee orientation also helps to reduce turnover, because employees who are properly inducted into the company and are well-trained tend to be less likely to leave, a fair and equitable Compensation system can help prevent turnover, inadequate rewards may lead to voluntary turnover, Career planning and internal promotion can help an organization keep employees, because if individuals believe they have no opportunities for career advancement, they may leave the organization (Anthony, 2006).

2.6. Studies on Turnover in relation to Organizational Performance

Khan and Aleem (2014) have conducted a study on turnover of employees in the health sector of Pakistan. These scholars focuses on the turnover of doctors and other health professionals as they

prefer to work abroad than in their homeland country and the study attempted to assess the determinants of that scenario taking into account specific factors such as pay, promotion, job safety and security, and nature of the work in relation to the job satisfaction level of medical doctors. Consequently, the study indicated that all those factors do have implications on the satisfaction level of health professionals which in turn is considered as the underlying reasons for the observed turnover in the sector. The data for their study were collected using questionnaires from autonomous medical institutions found in the country and the SPSS version 20 was used for analysis.

Similarly, Abdali (2011) conducted a study to assess the effect of employee turnover on sustainable growth of organizations in the computer graphics industry of Karachi, Pakistan. This study specifically finds out the main causes and ground realities of the problem of employee turnover on sustainable growth of organization. In this regard, the study indicated that age, gender and years of experience and levels of expertise has differences in the rate of turnover. Moreover, the study suggested that organizations should use different strategies to retain employees who are different in those characteristics' or attributes of employees.

Ferreira and Almeida (2015) also conducted a study to investigate the relationship between employee turnover and performance in retailing businesses. To achieve this aim, the researchers used data from a single company with several comparable companies and tested whether stores with lower employee turnover have better financial and organizational results (sales and workplace accidents, respectively). This study also analyzed whether Human resources practices, such as rewards, recognition and training, affect employee turnover. The empirical results indicate a strong relationship between employee turnover and sales, supporting results from previous studies. However, the additional relationships were not confirmed. The results do not rule out some hypotheses about the relationship between employee turnover and labor accidents, and further suggest that human resources management practices may increase employee turnover, depending on their motivation and strategic alignment. On the other hand, the researcher intends to compare the implications of turnover with the production plan and efficient use of resources of Shintes ETP Garment PLC as responded by the employees and the corporate managers.

Among the locally made studies, Kumar (2011) has conducted a study to identify the causes of turnover of employees in ArbaMinch Textile Company, Ethiopia. His study focuses on the

gender, age, experience and departmental analysis to find out the factors that induces employees for turnover. Kumar considered a sample of 138 employees for the study. The study showed that the turnover of employees is mainly due to low salary. Besides, Kumar's study indicated that lack of good relationship between superior and subordinate, training, recognition of job, evaluation of job performance, proper direction, promotion and participation in decision-making. These factors have affected the satisfaction, similar to the findings of Khan and Aleem (2014), which resulted in the lack of commitment of the employees. This led the way for increased turnover in the organization as concluded by Kumar.

Even so, having a human capital alone cannot guarantee the success of an organization without making sure that they obtain the required training, qualification, and engaged in continuous learning program to be able to adapt with the changing technological and social demands (Surji, 2013). Moreover, an organization which can be able to nurture such a human capital can be able to retain its employees through whom it can be able to reach its goal. In this regard, investing lots of resources in recruiting, selecting, training and continually equipping employees in an organization won't take anywhere unless and otherwise the organization being able to design a mechanism in retaining them for the longest time possible (Rehman, 2012). In relation to this, the behavioral and personality pattern of employees is equally important to their competence which is mostly ignored by most employers.

Therefore, human resource management is one of the crucial functions that should be carried out in a systematic way so as to maintain well performing employees within the organization. Thus, organizations should have effective human resource management system that is well formulated and implemented to ensure that they hire the right employee and maintain employees who contribute to the successful accomplishment of organization objective.

On the other hand, a certain degree of labor turnover may be desirable while it enables an organization to drop employees with poor performance or negative influence on workplace. In other words, turnover in such a case can have positive effect and creates an opportunities to induce wider experience, new ideas to the organization as well as providing career development opportunities for existing workers. Be that as it may, unplanned and frequent employee turnover is not good for any business as it definitely hampers the normal functioning.

In addition to this, persistent high level of labor turn turnover can be costly to both individual organizations and the economy as a whole as it adversely affects efficiency, productivity,

profitability of the organization and morals of employees. Many previous studies showed that an excessive turnover rate clearly has a tremendous negative impact in an organization's performance especially when the experienced and skilled ones left (Surji, 2013; Rehman, 2012; Kumar, 2012; & Martin, 2005). It is so, as the high rate of employee turnover is leads to remain with a large percentage of novice workers while the expectation its customers are very high due to its reputation. The problem is much more pronounced when the business is a manufacturing one like the one considered in this study as quality would get compromised greatly.

In reality, turnover can be both voluntary and involuntary and current studies have shown that, organizations with high rates of voluntary turnover are often found to be harmful to firm's performance (Kondalkar, 2007). Voluntary turnover is turnover initiated by employees themselves and it has an adverse effect on performance, service delivery, profit, and on other outcomes that organization set as objectives. It is so as a given replacing a vacancy in an organization takes time and demands cost.

On the other hand, the actual practice indicates that most managers don't give that much of attention to this problem. Turnover costs are important but often hidden from managers as there are no profit and loss statements that specifically capture the "cost of voluntary turnover". Instead, the costs are buried in line items like recruitment, selection, temporary staffing and training. What is worse was that, the real but unmeasured costs from losses of customer service continuity or critical implicit knowledge are never calculated as illustrated by Abdali (2011).

Human resources professionals continually work to control their companies' employee retention and turnover rates. Retention is the term given to keeping loyal employees on board with your company. Turnover is the term given to the rate at which you lose existing employees and replace them with new ones as explained by scholars in the field (Butali, Wesang and Mamuli, 2013). Understanding employee retention and turnover can enhance the human resources policies and build a productive workforce. Armstrong (2001) also observed that long-term employees generally have higher productivity and efficiency on the job than newer employees, due to their length of experience with the firm. Loyal employees also improve operational processes and train incoming employees.

Peggy and Bernard (2016) can be considered as a study conducted in the African region as it was made in Mombasa. Their study focuses on to examine the relationship between recruitment strategy, supervision strategy and employee retention strategy towards organizational

performance. Peggy and Bernard have found out that recruitment, supervision and retention strategies were positively related to performance in a statistically significant manner but in different degrees. Similarly, Ahmed, Sabir, Khosa, Ahmad and Bilal (2016) conducted a study to investigate the impact of employee turnover on the effectiveness of an organization. In their study, issues such as pay level, firm's stability, work environment, training opportunity and supervision were among the possible causes of turnover which per se impacted significantly the performance of the organization. Moreover, their study assessed the degree of correlation among the cause of turnover and it was found that they were highly correlated one another.

When it comes to locally made studies, one may find Kumar (2011) who has conducted a study so as to assess the causes of turnover at ArbaMinch Textile Company and come up with low salary as a main underlying reason. He used a correlation descriptive. Besides, his study indicated that lack of training, failure to recognize one's accomplishment, lack of promotion, poor decision making and supervisor – subordinate relationships, and poor performance appraisal resulted in low commitment of employees which eventually led to increased turnover rate. In Kumar's study, the turnover of highly experienced and high performing male employees was very high in which case we could imagine how challenging and destructive this would be to the company.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

Introduction

The aim of this study was to assess the relationship between employees' turnover and organizational performance. Consequently, this chapter deals with issues such as design of the study, population of the study, the sampling techniques employed, the data gathering instruments developed for collecting data, the analysis techniques that the study make use of and the ethical considerations that the researcher has followed while undertaking the study.

3.1. Design of the Study

The study employed mixed approaches of research approach that is both qualitative and quantitative with the intent of complementing the flaws that either of this methods might have when used alone. Moreover, the research employed a descriptive correlation design in order to assess the existence of a statistically significant correlation between turnover and performance at Shintes ETP Garment Plc.

3.2. Description of the Study Area

The organization selected for this study is one of the manufacturing industries found at Bole Lemi Industrial Park, Addis Ababa, Ethiopia. The name of the industry is known as Shintes ETP Garment PLC. It is owned by a Korean citizen; and the company began operation in 2014. The head quarter of the company is located in Seoul, Korea. The company obtained a duty free service in importing raw materials and machineries from abroad according to The African Growth and Opportunity Act (AGOA), supply of abundant labor supply with low wages and highly educated employees, and the tax benefit packages presented by the Ethiopian government. Be that as it may, the productivity and quality of production of the company is getting at stake as it couldn't maintain a stable working population through time due to turnover. Therefore, this company is selected for this study with the intent of assessing the relationship between employees' turnover and organizational performance

3.3. Sources of Data

The study has made use of primary sources of data. In relation to this, data was collected from employees, supervisors, line managers and corporate managers using structured and semi-structured data collecting instruments. Together with the primary sources, a secondary source has also been consulted but the way the data was organized made it useless to be used in this study in the sense that it was not complete and it totally ignore how turnover impacted performance.

In focusing on the primary data the researcher make all the possible effort to make it as deep and as diversified possible by involving various data sources that could be assumed to have firsthand information on the turnover of employees such as mentioned above.

3.4. Population and Sampling Techniques

The populations of the study consist of 4174 members of the Shintes ETP Garment Plc. Of these total working forces of the organization: 4019 were other employees, 102 were supervisors, 48 were line managers and 5 were corporate managers working at Shintes ETP Garment Plc. Each of this category has been considered as a strata so as to select the required sample of 205 using a stratified sampling technique taking into account the time, skill and experience of the researcher to handle and process the collected information as shown in the Table 1 below. In other words, the amount of the sample from each category is determined arbitrarily based on the resources that the researcher has to undertake the study.

Table 1. The population of the study at Shintes ETP Garment PLC

Description of the Strata	Total Number	Sample Size Determined
Corporate Managers	5	5
Line Managers	48	20
Supervisors	102	30
Other employees	4019	150
Total	4174	205

Once the size of the sample from each stratum has been determined, the respondents have been selected using a systematic random sampling technique when it comes to the line managers' supervisors, and other employees. In doing so, the researcher received the list of each category from the human resource department and the list has been compiled on an Excel Worksheet

originally which reduced much of the researcher's time and effort. Therefore, the list has been randomized as it was initially organized using alphabetic order. Thus, the sample has been selected once the random start and a random interval were determined making use of the predetermined sample size from each stratum. Consequently, 20, 30 and 150 samples were identified by name from line managers, supervisors and other employees respectively.

On the other hand, census method has been used for corporate managers as the study involved all of them.

3.5. Data Gathering Instruments

The relevant data and information were collected with the help of both structured and semi-structured data collecting instruments which are briefly reviewed here under:

3.5.1. Questionnaire

A questionnaire that consists of three main sections was used to collect data from employees, supervisors, and line managers. The first part of the questionnaire deals with the demographic characteristics of the participants. On the other hand, the remaining two parts dealt with issues such as turnover and organizational performance respectively. Both of which were prepared using a Likert scale by adapting from variety of sources and the literature review which are so many to acknowledge them in here. In addition to the closed ended items, the questionnaire had also contain two open ended items which were added with the intent of collecting respondents to opinion as to what causes turnover and the challenges that turnover have had upon the performance of the organization. These two open ended items were included as the closed ended items might not be sufficient and adequate enough to exhaustively pin point all possibilities.

The questionnaire items were also checked for their validity by my colleagues who were assumed to have the relevant expertise and insight to comment on it in addition to my advisor. Moreover, the questionnaire has been translated into Amharic as well so as to address the possible language barrier while administering to the lower level employees of the organization which are mainly qualified in certificate and first degree levels. Therefore, after coming up with the final edited version of the questionnaire, it was put in to pilot test taking randomly selected thirty employees of another garment factory involving all the strata's found in the industrial park

i.e. other than Shintes ETP. In relation to this, some modifications were made by rewriting of some of the items such as i.e. part II item 4, and 12, and part III item 6 to make them more clarified while some of the items were deleted from the instrument altogether.

Consequently, the reliability test was made using the Gutman Split-Half Method. This method was chosen as the questionnaires used a Likert scale of measurement and the difficulty level of each item need not be compared to the other items. Making use of this method the reliability test was found for the two main parts of questionnaire separately. Therefore, coefficients such as 0.75, and 0.72 were obtained for part II, and III respectively which were found adequate for a study of this kind with a descriptive nature (Yalew, 2006).

3.5.2. Semi-structured Interview

A semi-structured interview instrument was prepared to collect data from corporate managers of the company. In this case, some six items were developed and used to initiate discussion with the respondents and data has been collected making use of a field note book and voice recording at times the some respondents were volunteer to get recorded so as to not miss important information in relation to turnover and organizational performance.

3.6. Procedures of Data Collection

The questionnaires were distributed to the sampled employees, supervisors, and line managers by the researcher through the line managers 'responsibility'. In other words, the researcher presented the list of sampled employees and supervisors together with the required number of the questionnaires to the line managers of respective departments. And the collections of completed questionnaires were made with two to three days by the researcher again using the line managers who have taken the responsibility. Besides, the questionnaires to the sampled line managers were directly distributed to the selected ones and collected as such in two to three days.

On the other hand, the interview sessions were made by the researcher in two consecutive days which had involved five corporate managers. An average of one hour and half was used to interview each manager in three consecutive days. The data collection was made in the offices of the respective managers where the silence and privacy was quite enough and convenient for collecting the data.

3.7. Data Analysis and Interpretations

The data collected through interview was thematically narrated in a way that is useful to answer the research questions that guide this study.

On the other hand, the questionnaire was encoded into a spread sheet computer application called SPSS (Statistical Package for Social Science) version 21. The total numbers of questionnaires encoded into the computer were only 184. Of the total distributed 200 questionnaires, it was only 192 that were collected in the predetermined time table. Of these 192 collected questionnaires, eight questionnaires' were found incomplete and answered irresponsibly and were discarded.

Subsequently, the data were summarized using simple descriptive statistical methods such as frequency count, mean scores, graphs, and standard deviations. Besides, a co relational analysis were made to identify the strength of relationship that exist between turnover and organizational performance and to see how statistically significant it is.

3.8. Ethical Consideration

The purpose of the study was explained to the participants and the researcher has asked their permission to answer questions in the interview guide. The researcher also informed participants that the information they provided would be used only for the study purpose. Besides, to maintain the confidence of the respondents', the researcher promised them that their responses were to be kept confidentially. Moreover, no other unethical methods had been used to collect data for the study without the consent of the data sources.

CHAPTER FOUR

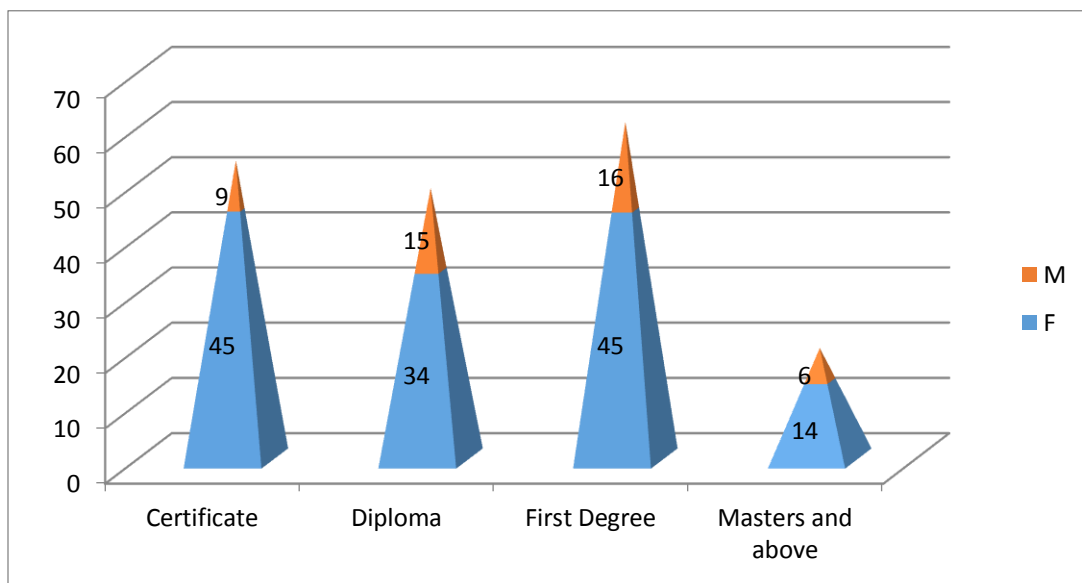
4. PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Introduction

As pointed out earlier, the main purpose of this study was to assess the relationship between employees' turnover and organizational performance at Shintes ETP Plc. The researcher tried to analyze the data obtained from the participants through questionnaire, and interview.

4.1 . Characteristics of Respondents

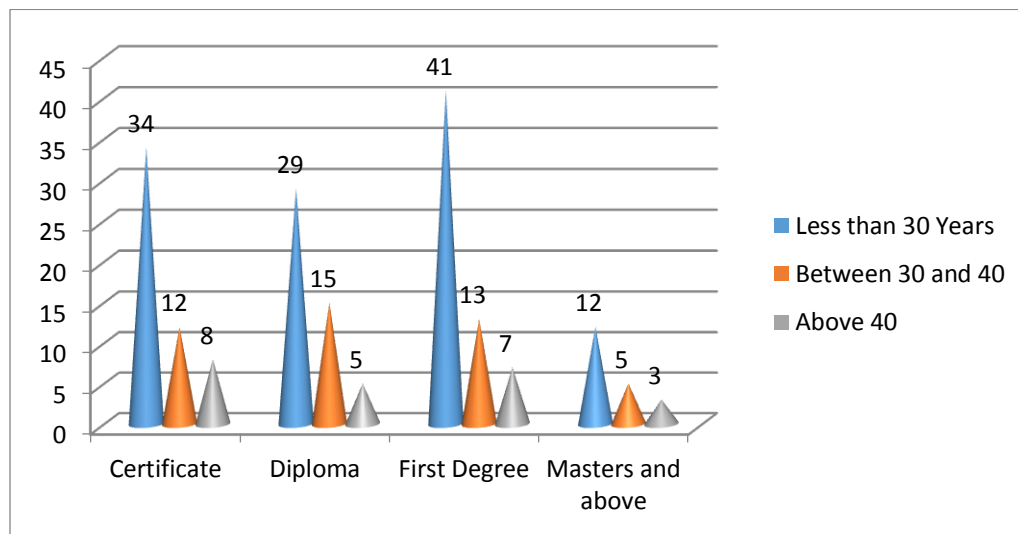
Description of the characteristics of target population gives some basic information about the sample population involved in the study.



Graph 1. Educational background of respondents in Sex

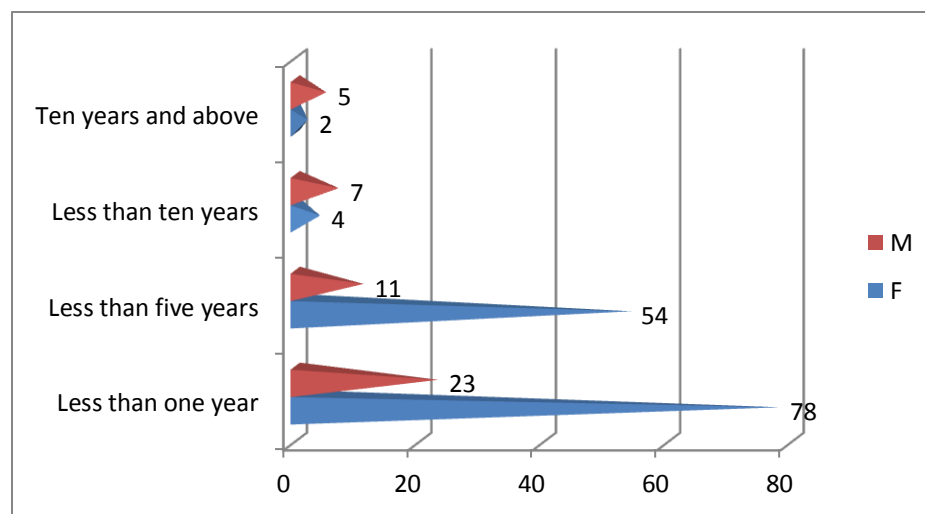
As can be seen from Graph one above, we can easily see that the majority of employees are females in terms of gender. Of the 200 respondents selected to complete the questionnaires, 138 were females while the remaining 46 were completed by male employees. It is using this 184 that this analysis and interpretation has been made.

On the other hand, the majority of employees were certificate graduates and bachelor degree holders compared to the diploma or TVET graduates and those of Master's degree holders.



Graph 2. Educational background of respondents in Age range

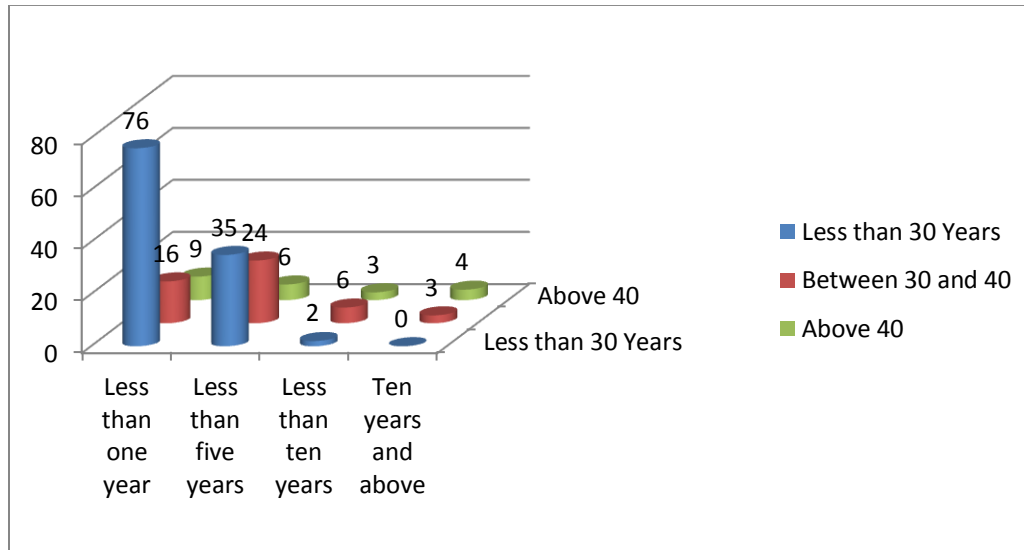
From Graph 2 above, one easily see that the majority of employees of the organization are found in the age range less than 30. Of the total 184 employees, 116 were in the age range of less than 30 years, 45 were in the age range between 30 and 40 and the remaining 23 were above 40 years old. More specifically, the majority of respondents were found to be in the age range less than 30 and having a bachelor's degree i.e. 41 of them.



Graph 3. Working experience of respondents in terms of their Sex

Graph 3 above tells us that the majority of employees to have less than one year work experience in a similar firm from which we may infer the fact that the company has a serious problem in retaining employees in its five years journey in the industry business. Besides, the situation also justifies the existence of 107 % rate of turnover which was obtained from the human resource annual report of the company obtained during data collection.

On the other hand, the next majority of employees i.e. 54 were found to have a work experience of less than five years in which case, these employees can generally be considered as having a relatively better experience, skill, and knowledge towards the garment industry. Therefore, the turnover may get pronounced when it has involved any of these employees compared to those with less than one year work experience in terms of productivity and quality of production.



Graph 4. Working experience of respondents in terms of Age range

One can infer from Graph 4 above, the majority of employees working in the company is in the age range of less than 30 years who are at the same time do have a relevant working experience of less than one year. This indicates that the majority are strong and energetic for the positive aspect whereas they may relatively be unstable as far as their emotional and behavioral patterns are taken into account. It is probably due to this reason that absentism for not adequate reasons became prevalent among the majority of employees at Shintes ETP Garment PLC according to the information obtained from the interview of the corporate managers.

4.2 .Employee Turnover Based on Quantitative Data

In this section, the analysis of the data collected through the closed ended questionnaires is presented, and interpreted. In this regard, descriptive statistical methods such as minimum, maximum, mean, standard deviation and variance are calculated. Moreover, the inferential statistical method specifically Pearson Correlation Coefficient is used so as to assess the existence of correlation and its level of statistical significance between turnover and organizational performance.

Table 2.Descriptive statistic summary of Turnover and its Implication to Performance

Variables	N	Mean	Std. Deviation
Turnover	184	3.457	0.193
Implications on Performance	184	3.437	0.266

From Table 2 above, we may infer that the response obtained from employees indicates that the majority of respondents were admitted the existence of turnover and its influence on organizational performance as the mean scores are well above 3.

On the other hand, the degree of dispersion among the responses given to turnover is 0.193 which indicates that there exists an agreement as far as the existence of turnover is concerned. Whereas the degree of dispersion seems relatively higher in case of organizational performance which indicates the differences in perception and ratings as to how turnover influences performance i.e. 0.266.in other words, as there would be a lot more other factors that might influence organizational performance, it is no wonder if the employees rated the challenge caused by turnover differently.

Table 3. The Correlation between Turnover and Organizational Performance

		Turnover	Implications on Performance
Turnover	Pearson Correlation	1	-0.65
	Sig. (1-tailed)		0.44
	Sum of Squares and Cross-products	1.38	-0.93
	Covariance	0.04	-0.01
	N	184	184
Implications on Performance	Pearson Correlation	-0.65	1
	Sig. (1-tailed)	0.44	
	Sum of Squares and Cross-products	-0.93	2.73
	Covariance	-0.01	0.07
	N	184	184

From Table 3 above, we may infer that, the correlation between turnover and performance seems higher and negative at the same time i.e. -0.65. It is considered high, as the amount is found in the range 0.60 – 0.79 which indicates the existence of high correlation between turnover and organizational performance.

On the other hand, the negative sign indicates that the increment of turnover bring about reduction in organizational performance, which indicates the existence of an inverse relation between the two. This result is similar to the findings of some previous studies reviewed in this study (Martin, 2005; Kondalkar, 2007; Rehman, 2012; Kumar, 2012; and Surji, 2013). In this regard, of the existing factors affecting performance in the organization, the contribution made by turnover seems relatively high taking into account the Pearson Correlation Coefficient obtained -0.65 as can be seen in Table 3 above.

More specifically, we may look at the contributions of each dimension such as demographic and personal characteristics, job satisfaction, organization and work environment, salary and reward, and job content towards the existing turnover in the company by calculating the Pearson correlation coefficient of each dimension in relation to the turnover which is measured making use of the whole them.

Table 4. The Correlation Coefficient calculated for each Dimension in relation to Turnover

		Turnover	Personality	Satisfaction	Environment	Reward	Content
Pearson Correlation	Turnover	1.00	.62	.63	.33	.53	.69
	Personality	.62	1.0	.39	-.26	.06	.48
	Satisfaction	.63	.39	1.00	-.23	.39	.45
	Environment	.33	-.26	-.23	1.00	.29	-.10
	Reward	.53	.06	.39	.29	1.00	.08
	Content	.69	.48	.45	-.10	.08	1.00
Sig. (1-tailed)	Turnover	1	.00	.00	.02	.00	.00
	Personality	.00	1	.01	.06	.36	.00
	Satisfaction	.00	.01	1	.08	.01	.00
	Environment	.02	.06	.08	1	.04	.28
	Reward	.00	.36	.01	.04	1	.31
	Content	.00	.00	.00	.28	.31	1

Based on Table 4 above, we may see that the contributions of each dimension to turnover differ somehow. In this regard, we may question how appealing were the items developed for environmental factors as the amount of Pearson Correlation Coefficient obtained for Turnover versus Environment and Turnover versus Rewards they were the lowest as compared to the others i.e. .33 and .53 respectively. On the other hand, the contributions of job content, job satisfaction and personal demographic characteristic sub scales are the largest ones i.e. 0.69, 0.63 and 0.62 respectively.

The lower part of Table 4 above indicates that the correlation coefficient between individual dimensions is relatively very low in which case one might conclude that each category was independent of the other in measuring the turnover of the firm. In other words, we may conclude that there were no a possibility of overlap in assessing the causes for turnover making use of these sub dimensions. But on the other hand the existence of relatively average and high correlation of each dimension with that of turnover indicates the existence of correlation between them apart from the theoretical and conceptual relationship that they have in common in the literature as the instrument had been developed and adopted as such.

4.3. Turnover and its Implication on Performance based on the Qualitative Data

In this section the data collected from lower level employees, supervisors, and line managers through the open ended items included in the questionnaire. This data is narrated thematically hereunder making use of the research questions developed at the beginning of this study.

Consequently, respondents have added the following issues as additional causes for the turnover observed at Shintes ETP Garment Plc:

- Mainly is related to salary and reward. It is so, said the majority respondents in this regard, as the company's being in the grace period and not yet being able to cover its plantation cost. In relation to this, some of the line managers have also admitted the salary payable at the firm is the least as compared to other similar firms.
- The other important issue forwarded in relation to causes of turnover emanates from the nature of the job itself. Some of the respondents who have responded for this question revealed that the job is tedious and same of kind routine which somehow made them feel bored.
- Most respondents has also mentioned issues such as lack of job rotation, lack of organizational motivation ,in compatibility with the working culture of the owner of the organization, Korean, who is assumed to value time much more than the existing Ethiopian culture. But we Ethiopians said some of the respondents, are not that conscious and sensitive to the precious value of time which greatly contributed for the existence of a bad relationship between employees and the owner.

As far as the implication of turnover on organizational performance is concerned, the respondents have stated the following issues:

- Since the company has to train new employees for three months before they start their work, it is thus, the remaining employees are supposed to carry the entire burden so as to suffice the job orders. Even so, the company mostly failed to satisfy customers' expectation in terms of meeting deadlines and quality as well.
- Even after three months of pre-service trainings, most newly recruited employees create lots of defects in the production of garment in variety of ways which also affected the dedication and effort exerted by all other employees as the production begins, passes through and ends involving different departments and lots of employees therein. In such a

stepwise production process, a defect created at some point of the production process in some way manifests in all other steps as well.

- Therefore, the increasing number of turnover result challenges in delays of the company delivery time which consequently resulted loss of valuable and long term customers as explained by some of the respondents.

4.4. Responses of the Corporate Managers

In this section, the data collected from corporate managers through semi-structured interview by the researcher is presented and interpreted. In this regard, the section is organized in the sense that it can best answer the research questions framed for the study from the start.

When it comes to the existence of turnover, almost all of the five corporate managers admitted that turnover is prevalent at Shintes ETP Garment Plc. The underlying reason for the observed turnover in the company is mainly due to low salary and benefit packages as confirmed by almost all of the corporate managers.

When it comes to implications of turnover, the corporate managers listed out the following challenges and problems that the company faces in the past few years:

- Turnover greatly reduced the working force which directly lowers our productivity. As a result, the amount of production decreases significantly to the extent that we are unable to deliver job orders we have contracted from potential customers. In fact, this issue has also been mentioned by some of the respondents who have completed the questionnaires using the open ended items as presented under section 4.3 above. Which made us a failure as far as a long term business relationship establishment is concerned.
- Turnover is a serious problem in our company, almost all our product produced for export purpose and our customer ordered us to prepare different close on the due date so If we can't prepare our order on the due date we can't build long-term relationship with our customer ,
- So far as the reasons are concerned, the corporate managers make use of form to be completed which contains a reason for leaving the company. Even so, the managers themselves have admitted that the real reasons have not yet been scientifically and exhaustively discovered given the fact most employees leave without noticing the

company. Even then, the corporate managers can't justify whether the reason stated on the form by a given employee is genuine or not.

- Concerning the retention strategies that the company designed, the corporate managers stated that, their company prepares lunch for all the employees so as to share the economic burden of its employees. Not only this, these managers have also revealed that the company is planning to build dormitory to employees with the belief of reducing the turnover rate.
- When it comes to using the company's time for the benefit of the company only, the corporate managers revealed the existence of significant absenteeism among most employees which would become a very huge amount of time when calculated in a yearly basis. This situation is very painful to the company for the company in the sense that the employees come back with a formal sick leave to avoid administrative measures. Therefore, the company can't maintain appropriate work ethics and culture in this regard as explained by some of the corporate managers. What is worse in this case, is that, the sick leave is presented after absenteeism of more than seven working days in the sense that the number of hours wasted matters most to the company.
- Some of the corporate managers has also mentioned the 'not coming back' of most female workers who stay at their home due to maternity leave is another manifestation of the turnover. In this regard, the company faces a challenge in terms of wastage of time so as to process the selection, recruitment and trainings of new employees. In other words, the company wait for those mothers to come back after making use of their maternity leave and yet, most of them don't come back even without noticing the company so as to make timely replacements.

4.3 Discussion

We could learn from the findings of this study that, there are a number of causes those Shintes ETP Garment Plc employees to leave. Of the possible causes found out in this study low salary and lack of a reward system were also found to be the main causes for turnover which were somehow similar to the findings of Kumar (2011) in case of ArbaMinch Textile Industry. Moreover, issues such as nature of the job in the sense that it's somehow tiresome and repetitive in nature in which case job rotation would be relevant and yet the company has no that kind of

arrangement. In relation to this, the findings of Khan&Aleem (2014) ensure that nature of the job, payment and promotion scheme were among the possible causes for turnover of health professionals in Pakistan.

On the other hand, existing employee-company relationship was also found another possible cause for turnover in which case it is the difference in cultural perception of time that is considered as the basis for this problem at Shintes ETP Garment PLC. Similarly, Khan and Aleem (2014) found out the significant contribution of a bad company – employee relationship towards the increment of rate of turnover.

When it comes to implications of turnover, the findings of this study indicated that turnover directly affected the amount of production or organizational performance in a negative manner. In other words, the increment in turnover of employees greatly reduces the performance of the company in terms of quantity and quality to be produced. In this regard, the finding of this study is in alignment with previous studies which has repeatedly indicated the existence of an inverse relationship between turnover and organizational performance (Ahmed et al., 2016; Peggy & Bernard, 2016; &Rehman, 2012).

Due to the significant impact of turnover on the performance of Shintes ETP Garment Plc, the company has been obliged to design variety of mechanisms so as better retain its employees based on the data collected from the corporate managers. More specifically, lunch has been served for its employees free of charge with the intent of enabling the employees to have some amount of money to be saved. However, this isn't brought any improvement in the reduction of employee turnover as confirmed by the corporate managers. Taking this into account, the company is further planning to build dormitories for employees to leave in with the intent of reducing turnover. As a matter of fact, such a retention mechanism requires a higher level of investment and the researcher didn't see during reviewing the literature in this regard.

Be that as it may, how long would the company be able to retain its employees by making them live in a dormitory setup which is somehow similar to their undergrad years. In fact, this arrangement would definitely avoid the expensive rental expense of employees but how can they be able to handle issues of privacy and establishment of their own families in such a dormitory arrangement. The arrangement might be functional for fresh graduates in being able to cope up

with the outside society up until establish a very good financial management skill and got promoted somehow. Otherwise, by the time the employees are getting better skill and knowledge in relation to their career journey they won't be willing to stay in the dormitory arrangement only for economic reasons as s/he would want to experience fully the way s/he wants.

For this reason, the researcher had asked the corporate managers as to why they plan to increase the salary scale and the benefit packages at least to similar amount where others in the industry have. The explanation obtained in this regard were somewhat related to recovery of plantation cost referring the grace period that the company is in. Due to this reason, the company is not willing to establish a modest payment scale and rewarding system. Though, the researcher don't have a detailed information and data to arrive at a conclusion, the ongoing free lunch arrangement and the planned dormitory arrangements could have been quite enough if it were allocated through the salary and reward system. In fact, those arrangements are considered preferable in the sense that the time concept of Ethiopian employees is considered poor and to influence that for the better.

Even so, trying to influence ones behavior in such an arrangement cannot arguably be taken as a better option from the cultural perception of the researcher. In other words, the practical experience of the researcher indicates that, most Ethiopians prefer the cash rather than having such free lunch and free dormitory service as it they would prefer to make their own arrangements in relation to those challenges. For instance, with regard to their lunch expense they may prefer to carry their own lunch from home and may avoid rental expense by living with their origin of family or with their relatives. Therefore, promotion of their salary scale and the benefit package would most be responsive to the interest every employee as compared to their company lunch and dormitory arrangements.

Failure of the company lunch arrangement to attain the attention of the employees can be exemplified by the repetitive absenteeism of significant number of employees even more than seven days and come up with a sick leave. This may somehow indicates that the employees engaged in other economic activities in those days that they are absent from work. Not only that, most female workers, who constitutes about two-third of the overall work force, do not come back after finishing their maternity leave. If at all, the company could have been able to pay optimum salary and maintained a serious work discipline; it would be able to have a disciplined

and ethical group of employees which would significantly improve the performance of the organization at least in the long term.

The other implication of turnover as the data collected indicates was found to be more expensive in terms of the time and the expenses incurred so as to undertake the selection, recruitment and training of replacing the employees who have left the organization. In addition to such costs, the replacement of new employees from to time also affected the performance of the organization in wasting the valuable working hours of existing employees and the quality of the production itself. In relation to this, the company is losing its long term and potential customers due to failure of timely delivery and compromised quality of its products. In the view the researcher, unless and otherwise make a serious decision by elongating the payback period of the plantation cost and focusing on the required and relevant retention strategies of the employees; it couldn't get successful without being able to meet the expectation of employees in terms of delivery time and quality in this a highly competitive cut-the-throat business environment of the twenty first century.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Findings

The main purpose of this study was to investigate the relationship between employee turnover and organizational performance at Shintes ETP Garment PLC. To make this assessment the study adopted a descriptive correlation research design involving both qualitative and quantitative approaches of collecting data from the corporate managers and all other employees of the company. Therefore, semi-structured interview was used to collect data from the five corporate managers, who were selected using a census method, while questionnaires having closed ended and open ended items were used to collect data from selected 200, who were selected using a stratified and systematic sampling techniques, employees of the company. Even so, only 184 questionnaires were found to be relevant and presented in the previous chapter of this research report and all the analysis and interpretations are based.

The questionnaires were also being translated into Amharic and piloted taking random sample of employees found in some other factory in the industrial park after it has been checked by my advisor and other colleagues in the area. The pilot test was analyzed using the Gutman Split-Half Method. Making use of this method a reliability test has been made for found to be 0.75 and 0.72 for part II (which consist of turnover items) and part III (which in turn consist of performance indicators) respectively.

More specifically, the study intended to answer the following research questions which were framed from the very beginning:

1. What are the major causes for employees' turnover in the company?
2. What is the implication of employees' turnover on organizational performance?
3. What is the attitude of the corporate managers of the company towards employees' turnover?

Consequently, the study indicated that the existence of a high degree of turnover in the company. The data obtained from the corporate managers specifically indicated that the turnover rate was

about 107% last year. This high level of turnover also influenced the company in variety of ways according to the findings of this study. For example, the high level of turnover has influenced Shintes ETP Garment PLC in the following ways:

- Lowering of its productivity to the extent of hampering delivery of orders to customers found all over the world.
- Lowering of production quality as the newly replaced employees' compromise quality.
- Pushed the organization to incur a lot of cost in training and recruitment of new employees.
- Pushed to organization to provide free lunch service so far and planning to build up dormitories for its employees with the intent of retaining its employees which is relatively high level of investment in itself.

On the other hand, the factors that were identified as the major causes for turnover were low pay and reward system of the organization, repetitive nature of the job, lack of job rotation, lack of organizational motivation, poor selection and recruitment procedures, and bad employee-organization relationship and cultural difference in values especially of time between the owner and the majority of employees. The study has also been able to investigate that the wastage of working hours by individual employees were very high to contribute in all those manifestation of turnover influence which largely emanated from the poor working culture and ethics of Ethiopians. It is probably due to this reason that the company prefers the long journey of solving turnover to the extent of building dormitories rather than focusing adjusting its payment and benefit packages.

5.2.Conclusion

According to the findings of this study, the researcher has then made the following conclusions as far as each research question is concerned.

The rate of turnover is high and has significant implications on the performance of the company. The researcher is then arrived to make the following conclusion in relation to the research questions designed from the very beginning for this study.

In general, all the data collected from employees and the corporate managers indicated the existence of a significant amount of employee turnover at Shintes ETP Garment PLC. The primary reasons for the observed turnover were also found to be low pay and reward package, lack of organizational motivation, poor working environment, low job satisfaction, repetitive nature of the job, and poor employee-company relationship.

On the other hand, based on the findings of this study the high rate of turnover over observed at Shintes ETP Garment PLC affected the performance of the organization in ways that were manifested in the failure of the organization to meet the expectation of its prestigious customers in terms of delivery time, quantity and quality of its production. Therefore, the turnover at Shintes is somewhat dysfunctional one as the experienced and skilled ones are leaving the company in which case the normal functioning of the organization is getting impaired.

Finally, the perception of the corporate managers towards turnover was found somewhat controversial in the sense that they prefer to continue providing free lunch services for their employees with the intent of reducing the observed turnover. Not only that, they even thought to build dormitories for employees to live in as a turnover mitigation strategy which one couldn't find in the literature with regard possible strategies for turnover. All of which is done and planned to be done with the expense of paying a salary that is equivalent to similar companies which is a serious issue that is overlooked by the corporate managers according to the view and understanding of the researcher.

5.3.Recommendation

Based on the findings of the study and the conclusions made for each research question; the researcher makes the following recommendations:

- The company should also make a further analysis to identify the underlying causes of turnover rather than the mere comparison of its pay and reward scale with other similar firms as the kind of motivation that employees seek differ greatly in their personality and area of priority in life. In fact, salary and benefit packages are among the basics of almost all employees but they are not the only motivating factors when it comes to retaining employees.

- It would be better for Shintes ETP Garment PLC to undertake a study on how turnover affected its performance considering by comparing the productivity of each department to one another in relation to the kind of employee leave the department in a given period of time which typically requires background knowledge textile engineering.
- It would be feasible to continue providing the free lunch service to low skilled employees rather than putting all the employees in one this basket. Similarly, the dormitory arrangement may appeal for employees found in this category but not for the highly qualified and skilled workers who especially has started their own families or plan to do that in the near future unless and otherwise, an arrangement that would suffice their choice in terms of living space, schooling, medical services, and the like are also put in to practice as well. Moreover, it would have been very good if all these possible strategies that the company is using and planning to use are subjected to be assessed on how they feels like for all those diversity of employees of the company through a scientific approach before wasting unnecessary resources and extra time.

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APPENDICES

Appendix I

Addis Ababa University

School of Commerce

Department of Human Resource Management

My name is blen asegid kebede. Now, I am doing my MA thesis on “The Relationship between Employee Turnover and organizations performance: The case of Shintes garment plc”. I would like to ask you to be a part of this study as a primary data source.

I would really appreciate you taking the time to fill out honestly these survey questionnaires for me and help me with my research work.

In case If you have any question, please do not hesitate to contact me using my telephone number 0910970263 (blen asegid) or email (blenafd@gmail.com).

No need of writing your name, please indicate your responses by putting “ X ” mark in the box and also you are expected to write clear and precious words or sentences on open-ended questions.

Thank you for your cooperation!

Part I. Personal Data

1. Sex: Male ☐ Female ☐
2. Year of High School Completion _____
3. Educational background
10+2 ☐ Diploma ☐ Degree ☐ Masters and above
4. Work Experience in Year(s)
☐ <1 year ☐ 1-5 Years ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ 21 years and above

Part II. Rate the following items in the space provided by putting a “thick mark” to the degree you may contribute for employee turnover

SA – Strongly agree

A – Agree

UD – Unable to decide

D – Disagree

SD – Strongly disagree

No.	Items	SD	D	UD	A	SA
	Demographic and personal characteristics					
1.	Female employees are more loyal than men; they don't quit their job as men do.					
2	A turnover intention of younger employees is higher than older employees in the organization.					
3	Turnover intention of highly qualified employees are higher than less qualified employees					
4	Turnover intention of high level income employees are higher than low level income employees					
	Job satisfaction					
5	Most employees leave their organization because their expectation doesn't match with what they do.					
6	Job satisfaction level has a major effect to the level of turnover in the organization.					
7	I am satisfied with my current job.					

8	I didn't have no alternative employment opportunity by the time I had join this company					
9	My current job assignment is not in alignment to my career choice					
	Organization and work environment					
10	The coordination between line managers and supervisors with their subordinates creates an impact on employee turnover.					
11	There is a good relationship between the workers and the supervisors in the factory.					
12	There is discrimination in the company based on gender, race or on any other basis					
13	There is a miss match between jobs and employees in the organization.					
14	I like the working condition of my organization.					
	Salary and Reward					
15	Most employees leave their organization because of low salary in search of better salary					
16	Internal motivation lowers the chances of exit from the organization.					
17	The salary of the company is good according to the work you are performing.					
18	Over the past four years, the management here has introduced changes in the payment system.					
19	The reward practice in the organization matches the performance of employees.					
	Job content					
20	Employees who are involving in routine work were most likely to quit their job.					
21	Complexity of job most increases of satisfaction with work and loyalty to the organization in employees who have strong growth needs that those employees who have low growth need in the organization.					
22	The job that I do consists of a more routine task which is tired some and tedious					

[illegible]

SA – Strongly agree A – Agree UD – Unable to decide

D – Disagree SD – Strongly disagree

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7	It takes longer time to hire and train new employees to the level they are fully able to perform the work with the level of the replaced employee.					
8.	Due to staff turnover there will be a performance gap in delivering the service required until the position is filled by a new employee.					
9.	In general employee turnover in this work place highly affects the performance of the organization.					
10.	The organization incur high amount of cost in order to replace the leaving employees and make them fully able to perform the work at the work place.					

What other possible implications do you think turnover has in the performance of the company?

Please, list out them here under:

Appendix II

Addis Ababa University

School of Commerce

Post Graduate Program

Department of Human Resource Management

A Semi-structured Interview to Corporate Managers

1. Do you think that there is a high rate of turnover in your organization?
2. Why do most employees leave the company?
3. Can you list some challenges the company has faced due to turnover related with performance of the company?
4. To what extent does turnover affects the performance of the organization and what is your attitude towards it?
5. Does the company has ever used or attempted to use any methods to know the reason of turnover (if there were any)?
6. What kind of techniques has the company practiced to overcome turnover and how effective were this methods (if there were any)?