

**ADDIS ABABA UNIVERSITY SCHOOL OF  
COMMERCE DEPARTMENT OF HUMAN RESOURCE  
MANAGEMENT GRADUATE PROGRAM UNIT**



**ASSESSMENT OF TURNOVER INTENTION: THE CASE OF STRONG  
HEART DEVELOPMENT AND CAPACITY BUILDING PROJECT.**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD  
OF MASTER OF ARTS IN HUMAN RESOURCE MANAGEMENT**

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**JUNE, 2018**

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## **Declaration**

I, the undersigned declare that this thesis (ASSESSMENT OF TURNOVER INTENTION: THE CASE OF STRONG HEART DEVELOPMENT AND CAPACITY BUILDING PROJECT) 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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## STATEMENT OF CERTIFICATE

As thesis research advisor, I hereby certify that I have read and evaluated this thesis prepared, under my guidance, by Ayantu Shiferaw Entitled "ASSESSMENT OF TURNOVER INTENTION: THE CASE OF STRONG HEART DEVELOPMENT AND CAPACITY BUILDING PROJECT ". I hereby recommend it to be submitted as fulfilling the thesis requirements.

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We, the undersigned, members of the Advisor and Examiners of the final defence by Ayantu Shiferaw, have read and evaluated her thesis entitled "ASSESSMENT OF TURNOVER INTENTION: THE CASE OF STRONG HEART DEVELOPMENT AND CAPACITY BUILDING PROJECT" and examined the candidate. This is therefore to certify that the thesis has been accepted in partial fulfilment for the award of the degree of Master of Art in Human Resource Management.

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## **Abstract:**

*The purpose of this study was to assess factors affecting employee turnover intention in nongovernmental organization in Addis Ababa, case of Strong Heart Development and Capacity Building Project.*

*The study sought to determine why employees leave their organizations or companies. There is no doubt that turnover is costly; thus, it is important to understand what leads to such a phenomenon. Basic questions ie main factors for employees to leave their jobs, and the consequence of employee turnover on the organization's service were asked. Is it job satisfaction? Is it employee compensation? is it workload? Is it relationship between employee and management? Or career development?*

*The study employed quantitative and qualitative research design methods. Since the number of the study population was manageable, the census method has been employed in the study and the entire population was the subject of study Thus, survey, interview, and document review were used to gather the data.*

*Descriptive analysis and inferential statistics were employed in the analysis. Statistical Package for the Social Sciences (SPSS-) version 24 software was used in the analysis. Tables are used to present the data. Inferential statistics such as regression analysis was applied to determine the relative importance of each of the five variables with respect to employee turnover.*

*Based on the data analysis the following findings were recorded. The main finding indicated that dissatisfaction with job, compensation, management& employee relation, workload, career development were some of the factors for employee turnover. The finding also indicated the following effects of turnover including loss of experienced and skilled employees, higher recruitment costs, and higher workload due to leavers.*

*Recommendations is forwarded based on the findings so that managers revise salary and benefit packages, provide training and promotion opportunity, to keep the employee satisfied on their job and retained in the organization.*

**Key Words:** *Employee turnover, Job satisfaction, Compensation, Relationship between Management & employee, Work load, Career development.*

## **ACKNOWLEDGMENTS**

I would like to thank my research advisor Ato Seyfe Momo for his continues guidance and advice. I also thank all Staffs of Strong Heart Development and Capacity Building Project for providing me the necessary information and data and took time to complete the questionnaires. I also wanted to give my thanks to my organization “My sisters women’s welfare association” for supporting me with necessary supports.

My sincere gratitude should also go to my family and friends who encouraged me to pursue my study at higher education. Most deeply and with love, I would like to express my sincere thanks to my extraordinary mother Birhane Demeke and helpful brother Abdi Shiferaw “we did it brother”. And my little brothers and sister, you gays are so thoughtful and you have been behind me all the way to make it happen. My heartfelt thanks goes to my father. My lovely children Christian and Keti Gedion, I love you so much. My husband Gedion Adugna, this is for you.

I also like to thank my friends and my prayer group at my work place for their prayer, support and encouragement.

Most importantly, I would like to be grateful to my Almighty God for giving me health, strength and perseverance to continue and finish this study.

## **Acronyms**

HRM: Human Recourse Management

HR: Human Resource

ANOVA: Analysis Of Variance

SPSS: Statistical Package for Social Science

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Employee turnover refers to the rate at which an employer gains and losses employee, how long the staff tend to leave and join the organization (Armstrong, 2006). According to Horton (2007) employee turnover is a major issue for various organizations. There are many contributing factors to this scenario that are significant to employee turnover. Such aspects can stem from employing organizations as well as the employees themselves (Izzack,2010). The employers are more concerned with the turnover as it negatively impacts their effectiveness and efficiency (Thomas,2003).

According to Blahna (2005) high employee turnover can be a serious obstacle to organizational efficiency, quality, and profitability of firms of all sizes. For small organizations, high employee turnover can mean having enough staff to fulfill only daily functions that undermines the quality of work done or services delivered (Richard, 2008).For service-oriented organizations, such as management consulting, account management or non-profit organizations, high employee turnover can also lead to clientele dissatisfaction and turnover, as clients feel little attachment to a revolving contact (Brian,2009).

Any organization whether it is profit making or not desires to retain its efficient and productive employees to the maximum possible period. However, employees leave organizations due to internal or external factors. It is believed that a certain number of staff turnover is acceptable by most organizations so as to inject new blood that can bring new ideas and experiences to the organization. Moreover, some organizations use acceptable staff turnover to promote subordinates to the higher positions. However, if the rate of turnover is beyond the acceptable level, it becomes a challenge for senior managers and the organization as well (Loquercio et al 2006).

The cost of staff turnover and its impacts on productivity and efficiency alone is enough to depress any human resource manager and the organization. For instance, there might be a delay of service delivery while waiting for the arrival of a replacement. In addition, there might be production losses or discontinuity in service delivery while assigning and employing replacement staff (Ziehl&Antointette 2003). Often the organization experiences a

waste of time due to inexperienced replacement of staff. Management and other staff spend valuable time not doing their job but trying to orientate and train the replacement staff.

Non-Government Organizations (NGOs) are one type of institutions that provide employment opportunities in addition to the private sectors and government institutions. Non-profit, non-Government Organizations are organizations with funds and programs managed by their own trustees or directors, established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare. They include lower level organizations such as community groups, associations, cooperatives, religious and private development organizations (CRDA & DPPC 2004).

Strong Heart development and Capacity Building Project is one of the local non-government organizations that operate in Addis Ababa, Ethiopia. Strong Heart development and Capacity Building Project has 106 employees in four project offices. As a local NGO Strong Heart development and Capacity Building Project is also affected by high staff turnover and has been losing competent staffs leave the organization and join other similar institution. Currently it is observed and some of the organization yearly activity reports from 2014-2017 indicate that experienced and qualified staffs are leaving the organization from time to time and it reduces the quality of the service of the organization. The organization did not focus on this important issue because of turnover is given little attention due to lack of understanding regarding the adverse impacts of high employee turnover. It seems the management group and concerned bodies have little idea about how detrimental the effect of employee turnover is on the service of their organizations. Therefore, it is necessary for the employers to first identify the reason for employee turnover intention and come up with suitable measures to overcome the main reason behind the high employee turnover intention in the organization.

### **Statement of the problem**

Employee turnover can be harmful to a company's efficiency if skilled workers often leave the organization and the work population contains a high percentage of novice workers (Armstrong, 2009). High staff turnover is a major hindrance to organizational effectiveness. Today, NGOs are finding it difficult to retain well performing, experienced, and soundly trained employees as a result of employee turnover (AHM Shamsuzzoha 2003). Strong Heart Development and Capacity Building Project has experienced significant turnover of employees particularly starting the year 2014 where the turnover doubled the previous year. Employees' turnover intention of the organization depends on many factors which are

internal and external to the organization. Among the internal factors, in which the researcher wanted to focus was job satisfaction, employee compensation, workload, management and employee relationship and career development. In the past four years, the organization has faced turnover of 8% 12%, 13%, and 14% in the year 2017.

Strong Heart development and Capacity Building Project is an organization committed to service delivery to the local community and as such the impact of staff turnover disrupts the organization's commitment in terms of delay in the quality of service delivery as it can be observed from the organization activity and audit report.

These days the cost of staff turnover becomes one of the major concerns of the organizations both in financial and non-financial terms. With regard to financial costs Strong Heart development and Capacity Building Project is forced to allocate significant amount of money for vacancy advertisement, for recruitment costs like pre-employment medical cost, transportation etc. Employee turnover also results in a loss of valuable institutional knowledge especially in organizations where proper documentation is not practiced. According to its yearly audit reports the organization has been losing at least 15 (14%) employees every year for the last four years. The situation of high staff turnover is costing the organization especially in terms of consistency of quality service. Since most of the experienced and highly productive staffs were lost and it took a long time before the newly recruited staff could learn the required competencies for executing the organization job task functions effectively. Furthermore, it takes time for the replacement employees to establish the kind of relationship that previous employees had with the organization's beneficiaries.

This research paper attempts to assess the major reasons behind staff turnover intention, and proved ways to minimize staff turnover in Strong Heart development and Capacity Building Project. No previous study has been conducted at Strong Heart development and Capacity Building Project to understand the reasons behind high staff turnover intention and its impacts on the organization. There is no question the success of any organization depends on the quality and characteristics of its employees. The employees become a significant factor in any organization since they are the heart of the organization. Organizations simply cannot achieve their goals and objectives without them and this study will fill literature gap on specific areas of employee's turnover intention and the insights from this study will be useful not only to Strong Heart development and Capacity Building Project but also to other NGOs who are working within the country.

## **1.2 Research Questions**

The study sought to answer the following research questions

1. What is the effect of satisfaction with job on employee turnover intention?
2. What is the effect of employee compensation with nature of work on employee turnover intention?
3. What is the effect of relationship between management and employee on employee turnover intention?
4. What is the effect of workload on employee turnover intention
5. What is the effect of Carrere development on employee turnover intention

## **1.4 Objectives of the Study**

In line with the research question, general objective of this research was to assess the factors that affect employees' turnover intentions in Strong Heart Development and Capacity Building Project. It is hoped that this research will uncover hidden causes and shed light on areas that can be improved. This will help the organization to put in place better policies and practices to retain employees in the future. The study was intended to achieve the following specific objectives:

1. To assess the effect of satisfaction with job on employee turnover intention
2. To assess the effect of employee compensation with nature of work on employee turnover intention
3. To assess the effect of relationship between management and employee on employee turnover intention
4. To assess the effect of workload on employee turnover intention
5. To assess the effect of Carrere development on employee turnover intention

## **1.3 Significance of the study**

The findings of this study will shade some light on the major reasons behind high employee turnover and its consequences at Strong Hear Development and Capacity Building Projects. This study can also serve as a useful material for further studies to better understand

employee turnovers and their impacts. Hence it will be of great significance to various researchers involved in human resource development research activities.

#### **1.4 Hypothesis of the study**

Employee turnover is a neglected topic in public administration. The context of the study as discussed above and in the literature review suggested that employee turnover has a negative impact on organizational efficiency.

A hypothesis is used to define the relationship between variables which in this case refer to employee turnover and job satisfaction, work load, career development and employee compensation. The purpose of a hypothesis is to find the answer to a question by forcing the researcher to think about what results he/she should look for.

- H1 Satisfaction with job is negatively related with employee turnover intention.
- H2 employee compensation is negatively related with employee turnover intention.
- H3 Workload has positive relation with employee turnover intention.
- H4 Relationship between management and employee has negative and significant relationship on employee turnover intention.
- H5 Career development is negatively related with employee turnover intention.

#### **1.5 Scope of the Study**

Scope of the study is limited to factors that affects employee turnover in which this study is confined to the Strong Heart development and Capacity Building Project situated in Addis Ababa.

## 1.6 Definition of terms

**Employee Turnover** refers to the rate at which an employer gains and losses employees (Armstrong, 2006)

**Organizational Efficiency** refers to capacity of an organization, institution, or business to produce desired results with a minimum expenditure of energy, time, money, personnel, materiel (Mesh, 2012)

**Employee Retention** refers to an effort put in by the employers in an attempt to keep employees in the organizations (Spencer, 2001).

**Dependent Variables** Mitchel and Jolly defined dependent variables follows; it is the effect or the phenomenon affected or changed by other phenomena or actions of the independent variable.

**Independent Variables** are those factors, activities and other phenomenon that change or affect the value or level of a dependent variable, the cause that is responsible for bringing changes in a situation (Mitchel and Jolly, 1988)

## 1.7 Limitation of the study

Some limitation of the study can be put as follows

This research requires tremendous efforts in terms of literature review, contacting various organizations, obtaining data, and analyzing obtained data to achieve fruitful results. Because of time and budget constraint, this research is delimited to one location and the sample is restricted to Strong Heart development and Capacity Building Project Addis Ababa.

Since the study is based on a small sample size in Strong Heart development and Capacity Building Project, the result may not be more generalizable.

Respondents may not express their true feelings while responding to the questionnaire, as they may not be open enough to express if they have dissatisfaction with their current job, or problems with working conditions, lack of growth opportunities, or relationship with their

supervisor etc. And difficulty in collecting questioners on time were also among the various problem encountered by the researcher during the study

### **1.8 Organization of the Research Report**

This study is organized into five chapters, the first chapter which is the introduction part provides the research background, statement of the problem, research question, research objectives, significance of the study, scope and limitations and the Methodology employed. The second deals with the literature review whereas the third chapter deals with data presentation. Analysis and conclusion make chapter four and the final chapter, which is chapter five presents the conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Defining Staff Turnover**

Turnover refers to retirement, resignation and redundancy. Employee turnover is considered to be one of the persisting problems in organizations (Armstrong, 2009 cited in Hana and Lucie, 2011). The turnover means that another organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge thus is a threat for the former organization, which increases the significance of knowledge continuity (Hana and Lucie, 2011).

High staff turnover has long been an issue in many organizations and it is a common phenomenon in an organization but when the rate is high there would be an adverse impact on an organization's performance and result of discontinuity in staffing and loss of organizational memory. High levels of employee turnover lead to low performance and ineffectiveness in organizations, and result in a huge number of costs and negative outcomes (Ingersoll & Smith, 2003)

To better understand the causes of employee turnover, one must understand how turnover is defined. Different scholars have defined staffs turnover in the following manner:

- Loquercio et al. (2006) observed that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract.
- The concept of labour turnover is often used interchangeably with employees' turnover. It means the rate at which employees leave a business enterprise (Hedwiga, 2011).
- Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi& Hollman, 2000).
- Employee turnover is the replacement cycle each time a position is vacated either voluntarily or involuntarily (Woods, 2006).
- Employees' turnover can also be defined as a measure of the number of employees leaving and being replaced within a particular period, usually a year, expressed as a

percentage of the total labour force at the beginning of the period (Abbasi& Hollman, 2000; Adeniji, 2009)

## 2.2 Maslow's Hierarchy of Needs Theory

When Abraham Maslow created his Hierarchy of Needs, he argued that humans are motivated by five essential needs: physiological, safety, social, self-esteem and self-actualization (also known as self-fulfillment). (Lain Thomson, Mar 2016)

At the bottom of the pyramid are our physiological needs such as food, water, sleep, and warmth. Safety concerns come next, and these include comfort, security, and stability. Moving up the pyramid we come to social needs, such as a sense of belong and friendship, and esteem needs such as a positive self-image, prestige and status, before topping out with self-actualization which is about feeling fulfilled through growth, advancement and creativity.

- **Physiological needs** – This includes having a place to work, regular monthly salary, comfortable working environment and essential facilities (such as a tea/coffee making facilities).
- **Safety needs** – These needs include having formal contracts of employment as well as benefits such as a pension scheme and sick pay. There should also be an emphasis on health and safety in the working environment.
- **Social needs** – Promoting group working across teams, departments and different levels, as well as encouraging team building through social activities can help satisfy these needs. If you have employees who work from home or other remote locations (perhaps field-based) then it is important to ensure that you and their manager are fulfilling their social needs.
- **Self-esteem** – At the self-esteem level respect for others and praise is important. A 360-degree feedback and appraisal system can help recognise employees' contributions and a peer to peer or social recognition programme will celebrate employees' achievements and confer prestige and respect.
- **Self-actualisation** – At the highest level personal development plans, training, secondments, mentoring, and the opportunity for promotion enable staff to be the very best they can be. By implementing regular talent planning meetings among managers

and HR, having career discussions with employees and offering options such as fast-track management programmes your organisation can fulfil employees' self-actualisation needs while ensuring they have the expertise to fill future vacancies.

In Maslow's theory, employees whose lowest level needs have not been met will make decisions based on compensation, safety, or stability concerns. So it is vital that HR professionals ensure that these needs are fulfilled before others further up the pyramid.

It is also worth noting that employees will default to their lowest level needs if their higher level needs are no longer being satisfied, for example, in an economic downturn employees will also focus on compensation, safety, or stability concerns.

Maslow also introduced the idea that our needs constantly change: as one need is met then so we desire the level above it. The pay rise we received last year ago won't motivate us for the next five years, the recognition award we were presented with two years ago won't satisfy our current needs for appreciation, and the training course we did three years ago won't satisfy our need to be learning new skills and knowledge now.

Modern motivation has moved on from Maslow's Hierarchy of Needs alone. But this simple motivation tool remains important and as such it can help HR professionals achieve many organizational goals, such as improved staff retention and employee engagement, as long as they understand how to apply it in a practical manner and continually adapt to meet their employees' changing needs.(Lain Thomson, 2016)

### **2.3 Empirical review**

Turnover intention is also referred to as *turnover plan* or *turnover tendency*. Turnover intention is the behavioral tendency of employees to attempt to leave their work organization, which may lead to actual turnover. Much research points to turnover intention as the main antecedent to a person's act of turnover. To explore the possibility of an act of turnover, one must start with turnover intention.

Elizabeth (2012) conducted a study on Job Satisfaction and Employee Turnover Intention in the context of organizational culture, using data from the Quality of Work Life (QWL) module, a sub-section of the General Social Survey (GSS). The study found that job

satisfaction is inversely associated with turnover intention and the relationship between job satisfaction and employee turnover intention is moderated by satisfaction with workplace culture. Results show that, each additional unit increase in job satisfaction is associated with a decrease in turnover intention. **Blahna (2005)**

In particular, the factor of compensation is deemed by many researchers as the most important factor affecting. The impact of human resource mismanagement can have a profound negative effect on the organizations. The expectancy theory predicts that one level's of motivation depends on the attractiveness of the rewards sought and the probability of obtaining these rewards can holds way in any current organization management's objective to achieve high productivity and competitive edge in the 'market place' (Daft, 2000) Employee desire compensation system that they perceive as being fair and commensurate with their skills and expectations. Pay therefore is a major consideration in an organization because it provides employees with a tangible reward for their services as well as source of recognition and livelihood (Thwala et al., 2012; Abdullah et al., 2012)

Horton, (2007), states that, when people feel overloaded, it is often demonstrated through negative experiences about work. Workload affects the work performance, leading to absences or turnover. High level of stress leads to employees making unnecessary mistakes/accidents and low morale leads them not caring about what they do. Work load is the most important factor that affects work satisfaction. Much research has shown that work pressure is negatively correlated to work satisfaction. The higher the work load, the lower the work satisfaction. Likewise, work load and turnover intention are positively correlated; the higher the work pressure, the stronger the turnover intention.

Employee relations in an organization is simply described as maintaining a healthy working relationship between management and employees to contribute and sustain a satisfactory productivity, motivation and high morale work environment that enhance job satisfaction for the employee and meet goals of the organization.

Using the underlying social exchange theory and the norm of reciprocity, individual attitudes and behaviors are affected by generalized perception of care and support from organizations. Employees feel obliged to repay organizations with extra effort and loyalty when such favorable supportive treatments are discretionary-based (Eisenberger et al., 2001). This is emphasized in a study on 437 Chinese employees from multinational companies revealed that perceived supervisory support has a direct relation to turnover intentions (Alexander, 2012).

## **2.4 What is the reasons for employee turnover**

Staff turnover is a complex phenomenon, determined by a number of factors cooperating together. Employees leave or resign from their appointments in organizations due different reasons. Many reasons explain why employees withdraw from an organization and this chapter provides a review of available literature in the area of employee turnover.

Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi& Hollman, 2000).

Staff turnover that take place in any organization is either voluntary or involuntary. Voluntary turnover refers to termination initiated by employees while involuntary turnover is the one in which employee has no choice in the termination as it might be due to long term sickness, death, moving overseas, or employer-initiated termination.

Employees voluntarily resign their appointments in organizations for various reasons which can be classified into two: pull and push factors. The pull factors, according to Sherratt (2000: 38) 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. Sherratt (2000) also explains that the push factor may be dissatisfaction with the present job that motivates an employee to seek alternative employment elsewhere. Sometimes, it is a mixture of both the pull and push factors. However, some reasons for leaving are entirely explained by domestic circumstances outside the control of any employer, as is the case when employees relocate with their spouses or partners.

Recent research by the British Chartered Institute of Personnel and Development (2006) shows that push factors are a great deal more significant in most resignations than most managers appreciate. The research contends that it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Research conducted by the Hay group and reported by Sharman *et al.* (2006) reveals that about one third of the millions of employees surveyed worldwide plan to quit their jobs within two years.

Some employers attract job applicants with unrealistic and non-existent conditions of service during interviews. However, when these new employees get on board and the conditions of service promised by the employers are not fort coming, such employees immediately update

their resumes and quit for other jobs. The British Chartered Institute of Personnel and Development (2006) notes that a great deal of employee turnover consists of people resigning or being dismissed in the first few months of employment. This is due to poor recruitment and selection decisions, both on the part of the employee and employer. Expectations are high during the recruitment process, leading applicants to compete for and accept jobs for which they are mostly not suited. Organizations do this in order to ensure that they fill their vacancies with sufficient numbers of well qualified candidates as quickly as possible. However, over the longer term, the practice becomes counter-productive as it leads to costly but avoidable turnover and the development of a poor reputation in the local labour market.

According to a study by the Chartered Institute of Personnel and Development (2006) in the United Kingdom (UK), there are factors that are specific to the individual that can influence early turnover. These include both personal and trait-based factors. Personal factors include changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. In addition to these personal factors, there are also trait-based or personality features that are associated with turnover.

These personality traits are some of the same characteristics that predict job performance and counter-productive behaviours such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. Most environmental contributors to turnover can be traced to management practices. Turnover tends to be higher in environments where employees feel they are taken advantage of, feel undervalued and inadequately compensated. Management practices that promote inequity, inefficiency and lack of foresight and ability to provide purposeful leadership will encourage skilled and professional employees to leave the organization. Kinnear and Sutherland (2001) further argue that skilled employees need space to act independently and freedom to plan and execute work the best way they choose. This requires progressive organizational leadership which allows for independent judgment by employees. Managers can help to address this by removing organizational policies that restrict innovative thinking and practice within the organization.

## **2.5 Measuring staff turnover**

The simplest and most usual way of measuring staff turnover is to measure the number of leavers in a period as a percentage of the number employed during the same period, usually

on a quarterly or annual basis (Sturges and Guest 2003). This is sometimes called separation rate, and is expressed as: Number of leavers divided by average number of working times hundred i.e.  $\text{Number of leavers} / \text{Average No. Of working} \times 100 = \text{Separation rate}$ .

## **2.6 Types of Employee Turnover**

There are a few generally accepted forms of employee turnover. These include that Voluntary and Involuntary Turnover; Functional and Dysfunctional Turnover; Avoidable and Unavoidable Turnover; Internal and External Turnover; and Skilled and Unskilled Turnover. Organizations should differentiate between voluntary and involuntary turnovers and take actions on the one that they have control. Voluntary turnovers are those caused by the interest of the employee (e.g. to take job in other organization for better salary) while involuntary turnovers are the decision of management to quit employees from work (e.g. dismissal for gross misconduct). In general, all resignations not formally initiated by employers are voluntary resignations. Voluntary turnovers are further distinguished between functional and dysfunctional turnovers (Taylor, 1998). Functional turnovers are the resignation of substandard performers and dysfunctional turnovers are refers to the exit of effective performers (Loquercio et al 2006). They also classified dysfunctional turnover, which is the most concern of management due to its negative impact on the organization's general performance, into avoidable turnover (caused by lower compensation, poor working condition, etc) and unavoidable turnovers (like family moves, serious illness, death, etc) over which the organization has little or no influence.

### **2.6.1 Voluntary Turnover**

When employees leave an organization at their own discretion, it is referred to as voluntary turnover (Curran, 2012). According to this definition the turnover is initiated by the choice of the employee. Abdali (2011), stated voluntary turnover as “The turnover in which employee has own choice to quit or instances of turnover initiated at the choice of employees”. Voluntary turnover is voluntary cessation of membership of an organization by an employee of that organization (Katamba, 2011). Ronra and Chaisawat (2009), had described that voluntary turnover is the situation when an employee decides to end the relationship with the employer for personal or professional reasons. As per this description, the decision to leave

the organization is associated with being unsatisfied with the circumstances of current job and having attractive alternative from other organization.

Employee turnover, as a voluntary phenomenon, refers to an individual's self-initiated and permanent termination of membership in an organization (Reiche, 2008). As this explanation the turnover occurrence is initiated by the employee his or her self and the turnover is the permanent one. This means once the employee separated from the employer, he or she does not join that organization again. Academic interest in voluntary turnover results from the fact that organizations have less control over employee initiated turnover than company-initiated discharge (Reiche, 2008). Also, since high performing employees are thought to have access to more external employment opportunities than poor performers and are therefore more likely to quit, voluntary turnover is particularly harmful for organizational performance (Reiche, 2008). According to this idea, high performer employees have more opportunity to leave the organization.

According to Nawaz et al (2009), Voluntary Employee Turnover means when an employee leaves the company with his own intension. It might be due to better job opportunity, existing job dissatisfaction, bad working conditions or negative behavior of supervisor. This indicates that voluntary turnover is caused by better job opportunity from other organizations, existing job dissatisfactions due to different factors in the current organization, bad working condition in the current organization, and unenthusiastic behavior of manager in the current organization.

### **2.6.2 Involuntary Turnover**

Involuntary Turnover is the turnover initiated by the organization (often among people who would prefer to stay (Ronra and Chaisawat, 2009). This type of turnover occurs when manager of the organization decides to terminate its relationship with an employee due to organizational bankruptcy or a poor fit between the employee and the organization. Involuntary turnover can be defined as "The turnover in which employees have no choice in their termination e.g. sickness, death, moving abroad or employer's-initiated termination" (Abdali, 2011). As per this explanation the turnover is initiated by the natural phenomenon or by the organization itself. Curran (2012), define involuntary turnover as "an instance of involuntary turnover, or a discharge" that "reflects an employer's decision to terminate the employment relationship". This type of turnover is initiated by the employer and the

relationship between employee and employer come to an end. The involuntary turnover includes retirement, death, and dismissal because of poor performance result or unethical behavior at work place, as well as resigning to take care of a lethally ill family member or movement of a spouse to another area. The employer may initiate involuntary turnover due to organizational bankruptcy, desires to decrease costs, introduction of new technology, and organizational restructure.

### **2.6.3 Avoidable and Unavoidable Turnover**

It is also important to differentiate between avoidable and unavoidable turnover. Unavoidable turnover results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse. Avoidable turnover is something organizations can prevent by hiring, evaluating and motivating their employees more effectively (Curran, 2012). A turnover that happens in avoidable circumstances is called 'Avoidable Turnover', where as "A turnover that happens in unavoidable circumstances is called 'Unavoidable Turnover. According to this definition, the organization first of all understands the causes of the turnover then can take corrective action to avoid the avoidable turnover. For instance, if the cause of the turnover is poor working procedure, the management of the organization can avoid the turnover by improving the working procedures. But, the unavoidable turnover such as death, permanent disability, regular retirements and likes are cannot controlled by the management of the organization.

### **2.6.4 Functional and Dysfunctional Turnover**

Functional turnover can be defined as "a turnover in which poor performers leave" while Dysfunctional turnover can be defined as "a turnover in which good performers leave" (Abdali, 2011). The poor performer employee can leave the organization in any means and this situation is functional turnover because, the poor performer employees can be invaluable for the organization. When these poor performer employees leave the organization, the company can benefit by cutting unnecessary costs that incurred for that poor performer employees. But, when good performer employees leave the organization it negatively influences the organization by losing employees who benefit that organization.

### **2.6.5 Internal and External Turnover**

Turnover can be classified as ‘internal turnover’ or ‘external turnover’ (cited in Wikipedia). Internal turnover happens when employees’ send-off their current position and getting a new position within the same organization. It is related with the internal recruitment where organizations filling the vacant position by their employee or recruiting within the organization.

### **2.6.6 Skilled and Unskilled Turnover**

Untrained, uneducated and unskilled positions often face high turnover rate. Without the organization or business incurring any loss of performance, employees can generally be replaced. On the other hand skilled and educated positions may create a risk to the organization while leaving. Therefore, turnover for skilled and educated professionals leads for incurring replacement costs as well as competitive disadvantage of the business (Abdali, 2011). In accordance of this definition, when inexperienced, unqualified, inexpert, and untalented employees leave the organization, the turnover is termed as unskilled turnover and vice versa. Employers do not worry about unskilled employee turnover because of the ease of hiring new ones. On the other hand, high turnover of skilled employee poses a risk to the business and ultimately in the organization in the form of human capital lost. These include skills, training and acquired knowledge. Since these specialized employees have skills that are relatively scarce and can be re-employed within the same industry, their leaving can act as a competitive disadvantage to the organization in addition to the cost of replacing them (Emeka and Ikemefuna, 2012). In general organizations face low risk with the unskilled turnover and face high risks with the skilled turnover.

## **2.7 Factors Affecting employee turnover**

There are several reasons why people quit from one organization to another or why people leave. Employees move from one organization to the other and from one industry to the other for different reasons. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce which 'pulls' them like higher salary or better benefits; on other occasions they are 'pushed' due to dissatisfaction in their present jobs to seek alternative

employment. Sometimes it is mixtures of both pull and push factors. Generally, these factors can be divided into Economic, Psychological and demographic factors influencing turnover.

### **2.7.1 Economic factors**

According to Mueller and Price (1990), pay is considered as a part of the sanctions system used by the organization to motivate employees to be in compliance with its regulations and rules. Pay satisfaction was examined to be negatively correlated with intention to leave, since it was positively correlated with job satisfaction. Unequal or substandard wage structures—Inequity in pay structures or low pay is great causes of dissatisfaction and can drive some employees to quit. (Lum1998). Mano et al. (2004) argues that employees quit from an organization due to economic reasons. Even though compensation has ranked among the top contributors to employee job satisfaction, it is unlikely that employees view it in isolation from other factors. Griffeth(et al 2000) noted that pay and pay-related variables have a modest effect on turnover. Their analysis also included studies that examined the relationship between pay, a person's performance and turnover. They concluded that when high performers are insufficiently rewarded, they quit. If jobs provide adequate financial incentives it is more likely that employees will remain with the organization and vice versa. While pay and benefits alone is not a sufficient condition for a high satisfaction, it is a necessary condition for the same. This is true because employees want pay systems that they perceive as just, unambiguous, and in line with their expectations.

Robbins (1988), Okumbe (2001) and Scheir (1988) assert that in determining compensation levels, organizations must be conscious of the prevailing market rates to ensure fairness and equity in compensation. Okumbe further, asserts that organizational indifference on going rate or going range will affect negatively on efforts meant to attract and retain the required staff. When people are paid well they are able to live well and are able to meet their daily needs, concentrate at their places of work, and accomplish the tasks assigned to them (Lawler, 1981). Perceived going rates will also increase levels of productivity and efficiency. Typically, the more money an employee makes, the more satisfied he will be overall. However, many studies have shown that compensation alone will not guarantee employee satisfaction. Even highly compensated employees may be dissatisfied with their jobs, and

employees with low levels of pay may still be quite satisfied with their jobs for reasons other than compensation.

The relationship between training and turnover can be traced back to the Human Capital theory, which proclaimed that education is an investment in human capital which can increase the quality of an employee (Becker, 1993). It is often assumed that the level of education has a positive effect on the probability of job mobility since high education is often associated with better labor-market alternative (Royalty, 1998). Gardiner and Whiting (1997) indicate some well-established research results which indicate that the altered behaviours brought about by learning with not only improve the job performance but also the satisfaction of employees. Pool (2000) and Hall (2001) suppose that during the process of encouraging employees to want to learn, it is necessary for the existence of an organizational culture to support the learning. Efficiency of learning can allow employees to firmly possess the skills about personnel companionship interaction and correct social manners so that it is available to boost morale and reduce the absence rate and job alternation rate. Hence the turnover rate will be low if there are training opportunities in the organization. Career advancement opportunities were reported as an important aspect to employee job satisfaction in the journal of human resource article (2005). Employees who are more highly educated are however more likely to leave because education is a form of human capital that can easily be used in other organizations. With specific human capital, the opposite is true. As education and training limit employees opportunity of finding another job in the job market, they are regarded as significant factors affecting intention to leave (Stolzenberg, 1975).

### **2.7.2 Psychological factors**

Psychological factors refer to the employee's mental process and behaviour, such as expectations, job satisfaction, organizational commitment and job involvement or affectivity. According to Mueller & Price, (1990) conceptualizing turnover psychologically deals with factors that are influenced by employee's emotions, attitudes or perception. The psychological school of turnover may be classed as voluntary, as they emphasize the role of individual choice and often includes only those dimensions related to work issues and thus they neglect non-work factors as reasons for leaving work (Lee et al., 1996). A psychological contract refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party (Rousseau, 1989; Farmer

&Fedor, 1999). The concept of the psychological contract is based on the insight that the employee's motivation and the level of their performance have to be maintained by the organization through incentives and rewards (Brinkmann&Stapf, 2005).

**Job satisfaction** is a collection of positive and/or negative feelings that individual holds towards his or her job. According to Tett and Meyer (1993) high job satisfaction leads to lower turnover, while low satisfaction leads to higher turnover. However, Weitz (1952) argued that job dissatisfaction would be more predictive of turnover if it was considered in the light of an individual's predisposition to be satisfied with everyday life events. Spencer and Steers (1981) found a strong negative relationship between job satisfaction and turnover only for employees who were relatively low performers. They observed that high performing employees who became dissatisfied were encouraged to stay by receiving whatever inducements could be provided to change their feelings. Whereas, low performers received no such encouragement, therefore, job satisfaction was more likely to be related to quitting for them than for the high performers. Mobley et al (1978) found that job satisfaction negatively effects turnover intent, and turnover intent directly impacts voluntary turnover. According to the Society for Human Resource Management journal April-June 2009, job dissatisfaction can contribute to multiple organizational problems and has been associated with increased levels of turnover and absenteeism, which ultimately cost the organization in terms of low performance and decreased productivity. Consistency of the negative relationship between job satisfaction and turnover has led the investigators to look more closely at other factors that might be related to issues of turnover and job satisfaction.

Intrinsic factors of job satisfaction are those that are associated with the employees' job and are within the management control. They include variables such as recognition, flexibility, position, career growth prospects, nature and kind of job, job security, supervisory support and working environment. Job stress contributes to job dissatisfaction and includes variables such as role ambiguity, role conflict, work-overload and work-family conflicts. Other factors which make employees quit from organizations are poor hiring practices, managerial style, lack of recognition, lack of competitive compensation systems in the organization and a toxic workplace environment (Abassi e al. 2000).

### **2.7.3 Demographic factors**

Demographic variables are also known as personal characteristics and are widely used in turnover research (Price, 1995). Despite a wealth of research, there appear to be few characteristics that meaningfully predict turnover, the exceptions being age and tenure which were examined to have a direct impact on intention to leave.

Age has been found to be negatively correlated with the probability of job turnover intent (Henneberger & Souza-Poza, 2007). Based on the matching theory, younger people have an experimental stage at the beginning of their professional life. A change is less attractive, since the available time to redeem the costs associated with a job turnover diminishes with age. Emphasizing the turnover rate amongst employees, McGlaham (2006) remarks that the mobility rate is such that a young employee entering the work force after graduation can expect to have an average of twelve different jobs by the time such an employee attains the age of 40 years.

Various studies examined the effect of gender on job mobility. Griffeth et al. (2000) cited evidence that gender moderates the age-turnover relationship. Social-psychological studies e.g. Crosby (1982) and Mueller & Wallace (1996) show organizational and job satisfaction to be equal between women and

men. Economic studies however e.g. Clark (1997) and Souza-Poza (2007) concluded that due to the lower expectations of women about their careers, they seem to have a higher job satisfaction on identical jobs than men, which generally reduces job turnover inclinations.

### **2.7.4 Others External factors influencing turnover**

External factors are those factors that are out of the organizations control and include factors such as external opportunity, macroeconomic environment and globalization. External opportunity refers to the availability, attractiveness and attainability of alternatives in the environment. The interaction of supply and demand forces in the economy must be taken into consideration in measuring external opportunity. The availability is mainly about the number of opportunities outside the organization, attractiveness refers to the pay levels of such opportunities while attainability is the possession of the skills required on the job (Mueller & Price, 1990). It therefore follows that numerous higher paid jobs for which a worker is qualified should produce a greater turnover. Research findings by the Harvard Business

School (2000) and cited in Birt et al. (2004) indicate that, despite the high levels of current commitment to both the organization and the job, the phenomenon of market-driven turnover is paramount amongst high performing employees.

Research findings by the Harvard Business School (2000) and cited in Birt et al. (2004) indicate that, despite the high levels of current commitment to both the organization and the job, the phenomenon of market-driven turnover is paramount amongst high performing employees. The research further states that, employees base a decision to leave on the availability of better external employment offers. McClelland (2002) asserts that economic growth imposes a lot of challenges on retention practices and turnover management by human resource managers. One of these challenges is the frequency of recruitment and turnover rate of skilled employees within a pool of depleted labor market and the attendant costs. With acute shortage of skilled manpower in a rapidly growing economy, the competition for the few available skilled employees becomes intense among organizations and this provides opportunity for job hopping amongst skilled employees. Worldwide, the search for skilled employees is on because job hopping among skilled employees is inevitable as alternative employment opportunities continue to exist (Czakan 2005).

According to Burmeister (2007), the increased international capital flows that characterize globalization have led to increasing global flows of migrant labour. As a consequence, many countries are competing in the international labour market to attract and retain skilled employees. This has badly affected labour markets, with professionals and other skilled employees from all sectors of the economy migrating to advanced economies in Europe, and America. With increased employee mobility in an increasingly shrinking global village, people are able to transfer their skills to the highest bidder or the location they find most attractive. Burmeister (2007) asserts that globalization has intensified the search for skilled employees as innovative, internationally experienced individuals are sought after as competition becomes increasingly global. Burmeister (2007) further argues that globalization has accelerated skills transfer across national borders and limited the ability of countries to manage their human resources independent of international norms. The global job market provides international job opportunities that cause the brain drain from which the receiving countries benefit mostly. However, not all turnovers result from job opportunities abroad;

some respond to the performance of the national economy thereby facilitating job mobility within local organizations

## **2.8 Costs associated with turnover**

In their analyses of turnover costs, Schultz and Schultz (2006) conclude that employee turnover 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. Phillips and Connell (2003) as cited in Asmamaw (2011) concur and enumerate the costs of turnover to include, recruiting costs, selection and or employment costs, orientation costs, training costs, lost wages/salaries, administrative costs, lost productivity, loss of human capital, and customer satisfaction issues. It is important for management to know why employees, particularly high performing employees resign from the organization. The common way of investigating employee's resignation is by conducting an exit interview which also is another cost to the Organization. The reason given by Phillip and Connell (2003: 1) as cited in Asmamaw (2011) for such interview is to investigate the reasons for the employee's withdrawal. If the reasons given by the employee suggest inadequacies on the part of the organization (for example, inadequate salary, inequity, poor promotion, etc.) management can review the issue and this will help the organization in the formulation of retention policies that adequately provide for the shortcoming. In conducting an exit interview, some costs are involved and they must be taken into consideration when calculating turnover costs. Bliss (2007) lists these costs to include the time of the person conducting the interview and the administrative costs involved in processing the resignation letter, including stationery and printing. Before a recruitment process is initiated, a job analysis is necessary to determine the job content of the vacant position. A job analysis expert will have to be consulted to evaluate outstanding work and job requirements of the vacant position. These costs also represent turnover costs and must be considered. Training and re-training of employees constitute one of the most crucial aspects of management in both the public and private sector organizations.

## **2.9 Staff turnover and its effects on performance**

Management's interest in labor turnover is strongly related to the business cycle (Gaudet, 1960; Pettman, 1975). Under conditions of economic decline when the demand for labor is decreasing, turnover is not so much considered a problem, as rather a blessing for the

prosperity of the individual, the firm and society. Thus, in the 1980s when western economies saw high unemployment rates, one could observe the rise of outplacement agencies, mobility centres, the promotion of 'employability' and the destruction of internal labor markets. Some writers even sensed the wake of a jobless economy (Bridges, 1994). In the 1990s, when the labor market became tenser and labor scarcity grew, the emphasis shifted towards the detrimental effects of turnover (White, 1995; Branch, 1998; Moody, 2000; Stein, 2000). The inescapable message of the consultants' literature was that the costs of labor turnover were considerable: ranging from 50 per cent of an annual salary till 175 per cent in case of some IT and marketing experts (Buckingham, 2000). Such publications show only a one-sided interest in the costs of labour turnover and neglect other effects. Additionally, in most cases the claims put forward also lack an empirical basis. This article aims to contribute to the empirical analysis of the effects of labour turnover.

Studies that take labour turnover as an independent *variable* are relatively scarce. The publications on the costs of labour turnover that are available mostly only convey a normative message. They often aim at presenting different dimensions of costs and formulas for how to do the accounting, but generally lack a quantitative analysis of the effects on firm performance. (Gaudet, 1960; Flamholtz, 1974; Cawsey&Wedley, 1979; Blakeslee et al., 1985; Tziner&Birati, 1996). This unbalance in the research of labour turnover was already noted as early as 1982 by Mobley who wrote that 'relative to the causes of turnover, consequences have been underemphasized' (Mobley, 1982). In 1980 Staw explicitly pointed to the potential danger of a research practice concentrating on the causes of labour turnover while neglecting its effects: such research is based on the assumption that turnover is an important organizational problem and, consequently, should be reduced. Hence, potential positive effects for the organization are overlooked (Staw, 1980). In the decades to follow the research on turnover did not change its direction. Similar to Staw's analysis from 1980, nine years later Mueller and Price (1989) again pleaded for research into the consequences of turnover rather than into its determinants. Nevertheless, in the 1999 special issue on labour turnover of the Human Resource Management Review (1999) all papers treat turnover as a dependent variable and none as an independent one. "While thousands of studies have investigated why employees choose to leave their jobs, very little research has directly examined the organizational consequences associated with voluntary employee turnover", Williams (1999) complains in this issue. And: "While there is an immense literature covering the subject of personnel turnover, there is a paucity of writing on the impact of turnover on

the organization” (Hutchinson et al., 1997). It is significant that both Williams and Hutchinson mention not even one relevant title. Even a recently conducted meta-analysis of the domain – ‘a final review of turnover research conducted in the 20th century’ – is explicitly limited to the antecedents of turnover and not paying any attention to its effects (Griffeth et al., 2000).

There is some debate in the literature about how far employers should be concerned about turnover levels. Some writers have emphasized the potentially positive effects of a continuous transfusion of fresh blood into the organization. As cited by Stephen Taylor, Carell et al (1975) distinguish between functional and dysfunctional turnover and suggest that the former serves to promote innovative ideas and methods and can thus renew a stagnating organization, while Hom and Girffeth (1995) also draw attention to research that has shown functional turnover to be commoner than the dysfunctional form. The net result is an improvement in productivity as poorer employees quit, leaving a higher proportion of good performers to enhance organizational effectiveness. They also note that high turnover gives employers more opportunity to promote and develop valued staffs and reduces the need to make costly redundancy when there is a downturn in business (Taylor et al 1998).

## **2.10 Theoretical Framework about Employee Turnover**

Generally, all costs related to the leaving and replacement of employees can be considered to be costs of labor turnover. These embrace not only the costs of recruitment and selection. As early as 1960, Gaudet (1960) put forward a rather comprehensive list of turnover costs with items such as advertising, college recruiting, applicant’s travel expenses, medical examinations and psychological testing, recruitment awards for employees, and ‘hotel entertainment’. The costs of these items can be accounted for, and the same roughly holds for the loss of sales because of vacancies and higher average pay due to extra overtime. More difficult to estimate are the extra expenditures for training and learning contextual skills, because these include also the costs of coaching, supervision and the loss of quality and product output. Even more complicated is the accounting for items like the loss of team productivity, the loss of effectiveness of informal communication and coordination processes and a decreased motivation of those employees who are left behind (Mobley, 1982). Sailors & Sylvestre (1994) estimated the costs of labor turnover to US companies “to be several billion dollars per year” of which 20 percent consists of direct turnover costs and 80 per cent of costs that can be associated but are not directly visible.

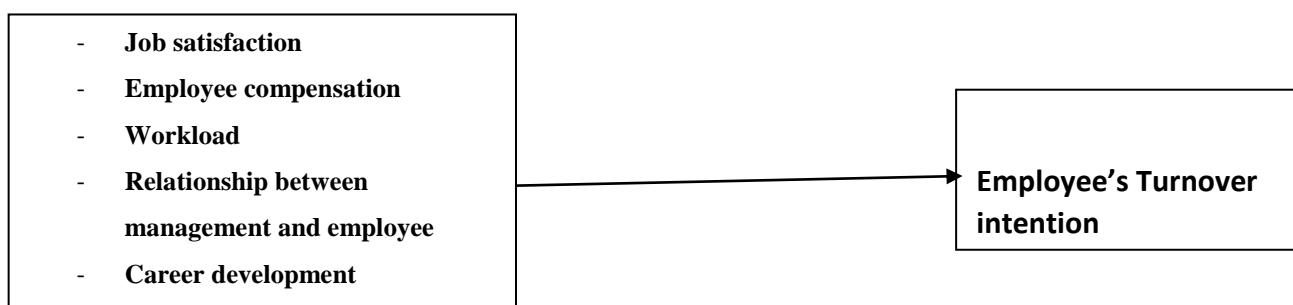
A particular perspective on the negative effects of turnover is provided by the resource-based theory of strategic human resource management (Prahalad&Hamel, 1990; Barney, 1991; Ulrich, 1991) and the related ideas on high commitment HRM (Beer et. al., 1984; Guest, 1997). According to these theories, a motivated workforce can really make a difference when competing in the market. Dedication to the organization’s goals, knowledge of the firm’s internal processes, its suppliers and customer relations is supposed to produce high performance (Herman, 1997). A high turnover rate is contradictory to high performance because it shows that one of the core conditions of high performance – i.e. a highly committed workforce – is not met. Additionally, high commitment HRM requires long periods of training and socialization. Consequently, it will take more time before the break-even point between investments in human capital and the returns to these investments is reached. Therefore, in a context of high commitment HRM the costs of labor turnover will be relatively high.

## 2.11 Conceptual Framework

The conceptual frame work for this study is based on that employee turnover is taken as a dependent variable whereas employee salary, workload, relationship between Employees and Management, and job satisfaction are taken as independent variables.

The dependent variable, employee turnover, can be explained by the independent variables; job satisfaction, employee compensation, employee work load, relationship between Employees and management and career development.

The above mentioned independent variables negatively influence turnover, the dependent variable. They can be seen as avoidable variables. Addressing these issues could also be considered as addressing what effects of employee turnover can bring on organizational performance.



### **Diagram showing the dependent and independent variables.**

Existing literature on staff turnover, they recognize higher staff turnover within NGO sector compared to private and public sector but not in local and small size NGOs. They do not analyze deeply factors leading to the higher turnover and underlying causes and reasons for this situation to exist is not clearly stated.

This study therefore aims at identifying factors influencing and leading to staff turnover and their effects especially within local NGO's. Recommendations are made on how NGOs leaders, human resource managers, donors and other concerned bodies address them. The researcher hopes that the insights from the study will be useful similar NGOs in Ethiopia who are facing the same conditions.

This chapter presented a review of related literature that focused on the defining staff turnover, reasons for employee turnover, measuring staff turnover, types of employee turnover, staff turnover and its effects on performance and theoretical background on staff turnover costs.

Employee's turnover has become a critical issue in today's organization. The rate of employee turnover has been increasing from time to time due to a lot of factors. This review of previous studies is intended to combine previous research findings in order to establish a cohesive framework of employee turnover so that organization is aware of the factors that might lead to turnover.

## **CHAPTER THREE**

### **Research methodology**

#### **3.1 Description of the study area**

This study focuses on one of the Non-Governmental Organizations (NGO) in Addis Ababa which was established in 1991 with the vision of providing social services to the local community. Strong Heart development and Capacity Building Project is working in Addis Ababa, Nefas Silk Lafto Sub City, target Woredas, 02 & 03. The organization provides different services to more than 3000 beneficiaries. Some of the services of the organization's are; Educational service, Counselling, Day care service, Training, Medical support etc. The organization is getting financial support (100%) from Scandinavian country to run the activities.

The services of the organization ask for skilled and experienced staff to deliver the required service quality. Based up on the current data and document analysis of the organization, there are 106 employees are working in four different branches to carry out the activities, holding the position of, management, primary school teachers, nurses, counsellors, social workers, day care staff /child care givers/ etc.

Strong Heart development and Capacity Building Project approach to Human Resource Management (HRM) policies which sought to connect the aims of the organization to the performance of the individual. As it can be observed on the organizational administration manual, the organization is led by general manager getting assistant from management committee and department leaders. As review of organizational documents indicate, the organization takes some HR practices seriously; in this organization recruitment & selection is given due attention since the organization is working with children or vulnerable people. They have child protection policy which clearly states the recruitment and selection criteria's. The organization gives training to all employees once in a year. The training is not being given according to the need of each department or based on individual need assessment but as a refreshment workshop. Performance appraisal and reward system, is not much practiced, motivation and recognition are also take place but not in a regular basis as the activities of the organization is routine and repetitive most of the practices are also routine.

Therefore; a proper administration of HRM practices are crucial in retaining employees in organizations especially in small and medium organizations.

### **3.2 Research Approach**

This study used the qualitative and quantitative approach of data collection. Selecting research method depends on the aim of the research, its relation to research questions and the preferred sample (Crabtree and Millner, 1999). Within the social science, qualitative and quantitative methods are utilized to work with both primary and secondary data. For this research qualitative method of data collection where open ended and closed ended questions will be applied in the interview. Face to face interviews allow researchers to capture emotions and behaviour, verbal and non-verbal expressions. In addition, since the interviewer has control over the interview, this allows to keep the interviewee focused and on track to completion. (2007) argued that interviewing should be adopted as a tool for social research as it facilitates obtaining 'direct' explanations for human actions through a comprehensive speech interaction. Since the objective of this study is to understand causes and consequences of employee turnover, interviewing employees and managers will shed light on the reasons behind employee turnover at the organization under study.

### **3.3 Research design**

The research used a descriptive approach. According to (Zikmund 1984; 55) descriptive research is essential to describe characteristics of objects, people, groups, organizations, or environments. It tries to "paint a picture" of a given situation by addressing who, what, when, where, and how questions. The researcher interested to get information on the root causes of high staff turnover intention and to describe the existing condition and preferred to use descriptive research design. Since, the main objective of this study was assessing the major causes of staff turnover intention in Strong Heart Development and Capacity Building Project; the researcher employed both quantitative and qualitative research design.

According to Zikmund & et al. (2005) many good research projects combine both qualitative and quantitative research. For the purpose of this study survey and interview were preferred to others. For instance, through survey collecting data from a large number of respondents is possible, numerous questions can be asked about a subject, giving extensive flexibility in data analysis. In addition, a broad range of data can be collected (e.g., attitudes, opinions, beliefs, values, behavior, factual). From sample results, the researcher generalizes or makes claims about the population.

Interview helps generate in depth information and gives greater flexibility for questions and is suitable for intensive investigations. Hence, the researcher gathered information by interviewing people involved in the management of the organizations to find out the causes of staff turnover. Also, to find out how employers plan to keep their talented employees in hand. The interview is designed in a way that more specific and truthful answers will get. This method helps the researcher to get additional information that was not provided by the questionnaires. The main advantages of interviews are: they are useful to obtain detailed information about personal feelings, perceptions and opinions and allow more detailed questions to be asked.

The content validity of the instrument was determined in two ways. First the researcher discussed the items in the instrument with the advisor. Secondly, content validity of the instrument was determined through piloting, where the responses of the subjects were checked against the research objectives. Saunders et al (2009) believe that the true purpose of the pilot test is to ensure that the questionnaire is suitable to answer the questions you need answered and also if the respondents will have any difficulty understanding and answering the questions.

According to Bourque and Clark (1994 cited in Saunders et al, 2009) researchers' use one of these methods when designing questions:

-Adapt questions that are used in other questionnaires

- Develop your own questions; in this study the researcher adapted the questions from various surveys and findings to enhance the validity and reliability of the questionnaire, and the researcher also believes it helps to gain more accurate data. The questioner was adapted from Nikravin and Frauenheim's (2014), Nikravin and Frauenheim's (2014) survey used by Insidedge (cited in Burton 2006) with some modification.

### **3.4 Data sources and types**

Both primary data and document analysis was used to gather the necessary data for this research.

Primary data was collected using survey method. Self-administered questionnaire and semi-structured interview was used to collect a first-hand data from managerial, academic, supportive staff etc.

The secondary sources of data consulted include books, journals, articles from the internet, annual report, manuals and websites.

### **3.5 Method of data collection**

#### **Questionnaire Survey**

The study used self-administered questionnaire and semi-structured interviews to collect data from employees of the organization. Closed and scaled items carefully applied to get and generate all necessary information. Data was systematically categorized so that respondents would easily understand and respond. The researcher used Likert scale which enables to understand respondents' degree of agreement with each statement.

#### **Key Informant Interview:**

Data collection is a key aspect of every research. Inaccurate data collection can impact the results of a study and ultimately lead to invalid results. The study will use primary data where semi-structured interview is the method for the collection of data. Dörnyei (2007) argues that interviewing is 'a natural and socially acceptable' way of collecting data as it can be used in various situations covering a variety of topics

Interview helps generate in depth information and gives greater flexibility for questions and is suitable for intensive investigations. Hence, the researcher gathered information by interviewing people involved in the management of the organizations to find out the causes of staff turnover in terms of employee compensation, work load, jobs satisfaction etc. During the time of interview, the main concern is why an employee plan to leave a job and if not leave why? Also to find out how employers plan to keep their talented employees in hand. The interview is designed in a way that more specific and truthful answers will get. This method helps the researcher to get additional information that was not provided by the questionnaires.

### **3.6 Population and sample**

According to the payroll of the organization the total number of employees of the Strong Heart development and Capacity Building Project is 106 as of the month of March 2017. The researcher opted to study the entire population mainly due to the following rationale. The population is well defined (complete sampling frame) and small with the added advantage that eliminates any potential bias that is more likely to occur through sampling technique. Hence, all employees of the organization (106) are included

### **3.7 Sample and Sampling Techniques**

The study is specifically concerned with Strong Heart Development and Capacity Building Project in Addis Ababa where there are 106 employees. Since the number of the study population is small & manageable, the study employed the census method and considered the entire population as the subject of study.

The researcher designed & distributed a questionnaire to collect primary data from employees of Strong Heart Development and Capacity Building Project in Addis Ababa. Since the entire population is included in the study questionnaire is distributed to all employees. To substantiate the information obtained through the questionnaire, the researcher conducted interviews with managers.

### **3.8 Data analysis**

Quantitative data were analysed using Statistical Package for Social Sciences (SPSS). Variables such as income, sex, age, length of year they have been working in the organization, education status, were also analysed using descriptive statistic mainly percentage and means. The data was summarized descriptively using tables. For qualitative data that was gathered through key informant interview, and documents review was described verbally.

### **3.9 Reliability Analysis**

To measure the consistency of the Questionnaires, the reliability analysis was done using Cronbach's Alpha ( $\alpha$ ), the most common measure of scale reliability test. The reliability test depicts the consistency degree of the data collected. The Cronbach  $\alpha$  coefficient is a measure of the inner consistency. Reliability is in low level when Cronbach  $\alpha$  is less than 0.3 and it cannot be accepted. Reliability is in high level when Cronbach  $\alpha$  is more than 0.7 where it indicates inner consistency of indexes table is in high level and it can be highly acceptable. Nominally the value of alpha is desirable with the range higher than 0.5 to 0.6

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.750	.712	29

Source: Own survey, May 2018 N=96

As indicated below in Table 6 above the value for Cronbach's Alpha ( $\alpha$ ) was 0.750 for all variables which exceed 0.70 the accepted value for Cronbach's Alpha (Field, 2009; Cohen and Sayag, 2010). In short nut, the responses generated for all of the variables used in this research was reliable enough for data analysis.

### 3.10 Ethical consideration

Researchers need to anticipate the ethical issues that may arise during their studies (Hesse-Bieber & Leavey, 2006). Research involves collecting data from people and about people (Punch, 2005). Researchers need to protect their research participants, develop rapport, promote the integrity of research, guard against misconduct and impropriety that might reflect on their organizations or institutions, and cope with new challenging issues (Isreal & Hay, 2006). Therefore, respondents will be assured that the information which they provide is confidential and will be used for academic purpose only. The data gathered in the process of the study will be also kept confidential and won't be used for any personal interest.

## **CHAPTER FOUR**

### **DATA ANALYSIS, INTERPRETATION, AND PRESENTATION**

#### **4.1. Introduction**

This chapter presents the results of the study based on the empirical analysis of the data solicited from the research respondents. To facilitate ease in conducting the empirical analyses, the results of the descriptive analyses are presented first, followed by the inferential (statistical) analysis based on the methodology outlined in the previous chapter. The statistical program used for the analysis and presentation of data in this study was the Statistical Package for the Social Sciences (SPSS-) version 24.

The descriptive statistics utilized are based on frequency tables to provide information on key demographic variables. All variable that Influence turnover intention obtained by the questionnaire in this study was achieved through summary statistics, which includes the means, and standard deviations values which are computed for each of the variables. This is followed by presentation of the inferential statistics based on examination of each hypothesis formulated for the research.

All statistical test results were computed at the 2-tailed level of significance. The alpha levels of .05 were selected a priori for test of significance for multiple regression analysis. 96 respondents fully answered and returned the questioners. Therefore, the response rate was 100%.

#### **4.2. Characteristics of Respondents**

The characteristics of the respondents were assessed from the point of view of gender, age, education qualification under the first section and monthly income, total year of services in the strong Heart development & capacity Building Project, working experience in years, term of employment and area of work under the second section. Accordingly, analysis and interpretation of the data obtained from the respondents are presented as follows:

#### 4.2.1. Demographic Characteristics

Under this section, the characteristics of the respondents were assessed from the point of view of gender, age, education qualification. Therefore, distribution of respondents by gender, age and education qualification is depicted here below (Table 1).

Table 2: Demographic Characteristics

	Frequency	Percent
Male	25	26.0
Female	71	74.0
Total	96	100.0
<b>Age</b>		
	Frequency	Percent
18-25 years	10	10.4
26-30 years	19	19.8
31-35 years	16	16.7
36-40 years	22	22.9
Above 41 years	29	30.2
Total	96	100.0
<b>Education Level</b>		
	Frequency	Percent
Below Grade 10	16	16.7
10+1 to 10+3	31	32.3
Diploma	14	14.6
Degree	30	31.3
Masters Degree	5	5.2
Total	96	100.0

Source: Own survey, May 2018 N=96

The characteristics of respondents shows that from the total respondent's majority of respondents 71 (74%) are female and the remaining 25 (26%) are male. From this one can conclude that there is no fair distribution of gender in the company.

Regarding the respondents age category indicated in figure three above, 10 (10.4%) are found to be 18-25 years of age, about 19 (19.8%) of respondents are found to be 26-30 years of age; 16 (16.7%) are found to be in the age range of 31-35; 22 (22.9%) are found to be in the age range of 36-40 whereas, the rest 29(30.2%) of respondents are found to be age group of above 41 years. From this, one can conclude that majority of the respondents were young (less than 40 years)

Concerning employees' educational level as shown in the above Table 1, the majority that is 31 (32.3%) respondents have 10+1 to 10+3 in different qualification while 30(31.3%) have degree holders and about 16 (16.7%) & 14(14.6%) have below grade 10 & Diploma respectively. The remaining 5(5.2%) have masters Degree. Here, it is assumed to have increased level of intention since employees with higher education level are expected to have high level of perceived alternative job opportunities.

#### **4.2.2. Profile of the Respondents**

Under this section, the characteristics of the respondents were assessed from the point of view of monthly income, total year of services in the strong Heart development & capacity Building Project, working experience in years, term of employment and area of work. Therefore, distribution of respondents by monthly income, total year of services in the strong Heart development & capacity Building Project, working experience in years, term of employment and area of work are depicted here below (Table 2).

*Table 3: Profile of the Respondents in the organization*

<b>Income</b>		
	Frequenc y	Percent
Below 1200 Birr	3	3.1
From 1201 to 2200 Birr	20	20.8
From 2201 to 3800 Birr	25	26.0
From 3801 to 5400 Birr	18	18.8
From 5401 To 8300 Birr	23	24.0
Above 8301 Birr	7	7.3
<b>Total</b>	<b>96</b>	<b>100.0</b>
<b>Total Working Experience</b>		
	Frequenc y	Percent
1-5 years	37	38.5
5-8 years	24	25.0
8-12 years	10	10.4
More than 12 years	25	26.0
<b>Total</b>	<b>96</b>	<b>100.0</b>
<b>Term of Employment</b>		
	Frequenc y	Percent
Contract	60	62.5
Permanent Staff	34	35.4
Temporary	2	2.1
<b>Total</b>	<b>96</b>	<b>100.0</b>
<b>Area of work</b>		
	Frequenc y	Percent
Teachers	18	18.8
Medical Staffs & Counsellors	16	16.7
Child Care Givers & Social Workers	29	30.2
Supportive Staff	20	20.8
Management Area	13	13.5
<b>Total</b>	<b>96</b>	<b>100.0</b>

Source: Own survey, May 2018 N=96

Monthly income of respondent categorized in five range i.e. 3 (3.1%) is below 1200 Birr, 20 (20.8%) ranges from 1,201 to 2,200 Birr, 25(26.0%) ranges from 2,201 to 3,800 Birr, 18(18.8%)from 3,801 to 5,400 Birr, 23 (24.0%) from 5,401 to 8,300 Birr and 7 (7.3%) above Birr 8,301. In regard to total year of services in the strong Heart development & capacity Building Project as per table 2, the data indicate, 37(38.5%) have served in the project from 1 to 5years, 24 (25%) have served in the project from 5 to 8 years, 10 (10.4%) have served in the project from 8 to 12 years. On the other hand, 25(26.0%) of them have served the project for more than 12 years. Therefore, the research is free of base in terms of year of services.

Concerning employees term of employments 60(62.5%) are contract term of employments, 34 (35.4%) are permanent term of employments, and 2 (2.1%) are temporary term of employments. The characteristics of the respondents fro area of work perspective is reviewed as teachers are 18.8% of the total respondent, medical staff and counsellors are 16.7% of the total respondent, child care givers and social workers are 30.2% of the total respondent,

supportive staff are 20.8% of the total respondent, and management area are 13.5% of the total respondent. Therefore, the research is free of bias both in terms of employment and area of work perspectives.

### 4.3. Descriptive Statistics

To establish if there existed a link between various identified factors and employee turnover, the respondents were asked to give their perceptions on employee turnover practices found in Strong Heart development & capacity Building Project in a 5-point Likert scale. The respondents were based on a scale ranging between 1-5 where 1-strongly Disagree, 2-Disagree, 3-Neither agree nor Disagree, 4-Agree and 5- Strongly Agree. The score of moderate extent was used to represent variables which had a mean score of (2.5 to 3.4) and the score of great extent was used to represent variables which had a mean score of (3.5 to 5.0). A standard deviation greater than 0.9 indicates a significant difference on the effect of variables among respondents.

#### 4.3.1 Job Satisfaction

Table 4: Descriptive Statistics of Job Satisfaction

Job Satisfaction	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I find real enjoyment in my job	96	3.50	1.353	-0.690	0.246	-0.781	0.488
I am actively looking for a job outside this organization	96	2.86	1.411	-0.122	0.246	-1.444	0.488
I am often bored with my job	96	2.79	1.383	-0.055	0.246	-1.386	0.488
I have accomplished many worthwhile things in my job	96	4.10	1.041	-1.184	0.246	0.961	0.488
I am fairly well satisfied with my job	96	3.39	1.333	-0.253	0.246	-1.319	0.488
Job Satisfaction	96	3.33	0.640	0.400	0.246	0.072	0.488

Source: Own survey, May 2018

Job satisfaction is an essential requirement in each and every organization in the enhancement of skills and abilities of employees for the achievement of firms' goals. Respondents were asked to indicate the level of agreement to which job satisfaction influences an employee turnover at Strong Heart development & capacity Building Project.

The study conducted on the job satisfaction revealed that the mean score value for the category in average was 3.33 which falls on undecided of agreement. This implied that the overall average response for the job satisfaction was undecided by the respondents. All the questions under the category have got relatively average rate as explained by mean scores of each of 3.5, 2.86, 2.79, 4.10, and 3.39 respectively. The summative score of questionnaires designed for the job satisfaction variable revealed job satisfaction in terms of enjoyment in current job, actively looking for a job outside this organization, bored with current job, accomplishment of many worthwhile things in current job and satisfaction with recent job.

#### 4.3.2. Employee Compensation

*Table 5: Descriptive Statistics of Employee Compensation*

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employee Compensation							
I am paid fairly for the work I do	96	2.20	1.245	0.851	0.246	-0.487	0.488
The current salary and other benefit packages of the organization are not fair in relation to other external markets	96	3.23	1.490	-0.384	0.246	-1.338	0.488
My salary is competitive with similar jobs I might find elsewhere	96	2.36	1.106	0.518	0.246	-0.764	0.488
Employee Compensation	96	2.58	0.902	0.229	0.246	-0.448	0.488

Source: Own survey, May 2018

The respondents were required to indicate their level of agreement or disagreement with a series of statements on compensation offered by their respective respondents. The means and standard deviations were computed from the responses and summarized in table 5.

From the results presented in table 4 above, the study conducted on the employee compensation revealed that the mean score value for the category in average was 2.58 which falls on undecided of agreement. This implied that the overall average response for the job satisfaction was undecided by the respondents. The respondents showed moderate disagreement with the statement that rewards and benefits offered were fair with the amount and quality of work done as indicated by mean of 2.20. As to whether the rewards and benefits offered were comparable with what the external market offered, the

respondents undecided as indicated by mean of 3.23. Asked if employees were satisfied with competitive salaries given by the organization, the respondents were moderately disagreements as shown by mean of 2.36.

### 4.3.3. Employee Workload

*Table 6: Descriptive Statistics of Employee Workload*

Workload	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
The amount of work expected of me is reasonable	96	3.57	1.344	-0.664	0.246	-0.846	0.488
The work load is divided equally among all employees of the organization	96	2.80	1.448	0.312	0.246	-1.359	0.488
There is not enough staff to adequately cover the unit	96	3.19	1.453	-0.250	0.246	-1.410	0.488
There is not enough time to complete all my tasks	96	3.07	1.416	0.209	0.246	-1.455	0.488
The workload stress makes me consider looking for a new job	96	2.48	1.281	0.906	0.246	-0.341	0.488
Workload	96	3.08	0.879	0.216	0.246	0.410	0.488

Source: Own survey, May 2018

The study also sought to find the level of respondents' agreement or disagreement with on the following statements regarding employees' workload by their respective respondents. The means and standard deviations were computed from the responses and summarized in Table 6 below and presents the findings

The aim of these questions was to see how employees felt about their workload when an employee leaves. According to Table 6 below, respondents indicated that the question on whether the amount of work expected from respondents has shown a mean of 3.57. This was followed by a question on whether work load divide equally among employee with a mean of 2.80. Same as a question on whether enough staff to cover the unit with a mean of 3.19. Finally, respondents indicated that their workload stress can make them look a new job with an overall mean of 2.48 which indicates that the respondents were not decided.

#### 4.3.4. Relationship between Employee & Management

Table 7: Descriptive Statistics of Relationship between Employee & Management

Relationship between Employee and Management	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Supervisors/managers give good advice and instructions	96	3.27	1.425	-0.337	0.246	-1.312	0.488
My manager is actively interested in my professional development and advancement	96	2.75	1.429	0.276	0.246	-1.328	0.488
I am always treated fairly by my manager	96	3.69	1.379	-0.991	0.246	-0.277	0.488
Management addresses work related issues to the dissatisfied employees	96	2.71	1.345	0.313	0.246	-1.143	0.488
Management team try their best to ensure that employees will not leave the organization	96	2.91	1.369	0.172	0.246	-1.130	0.488
Relationship between Employee and Management	96	3.09	1.057	-0.027	0.246	-0.345	0.488

Source: Own survey, May 2018

In this study, the questionnaire aimed at collecting data on the respondents understanding of the effects of employee relationship with their supervisor and employee turnover. The findings are shown in Table 7

The aim of these questions was to see how the employees felt with regards to their relationship with their employer. According to Table 7 above, respondents indicated that their relationship with their supervisor can make them quit the project with an overall mean of 3.09. The question on whether relationship with their supervisor/manager treated fairly with a mean of 3.27. This was followed by a question on whether their supervisor/manager gives advice and instruction with a mean of 3.27. Same as a question on if the supervisors/management team try their best to ensure that employees will not leave the organization with a mean of 2.9. The last polled question had a mean of 2.75 on a question whether respondents felt the management is actively interested in professional development & advancement of the employee and the respondents felt management addresses work related issues to the dissatisfied employees with a mean of 2.71.

### 4.3.5. Career Development

Table 8: Descriptive Statistics of career Development

Career Development	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
I have adequate opportunities for professional growth in this organization	96	2.59	1.334	0.595	0.246	-0.888	0.488
There are training & development programs available	96	3.27	1.410	-0.220	0.246	-1.378	0.488
I have experienced personal growth such as updating Skills & learning different jobs	96	2.88	1.371	0.305	0.246	-1.281	0.488
Career development plays part in my decision to Stay in this organization	96	2.90	1.410	0.211	0.246	-1.338	0.488
My work is challenging, stimulating, and rewarding	96	3.34	1.398	-0.308	0.246	-1.254	0.488
Promotion decisions are fair	96	3.22	1.378	-0.232	0.246	-1.299	0.488
Career Development	96	3.13	0.997	0.134	0.246	-0.548	0.488

Source: Own survey, May 2018

To determine how respondents felt about career development at the project and its effect on turnover, respondents were asked a series of questions on the same. The means and standard deviations were computed from the responses and summarized in Table 7 below and presents the findings

The main aim of the questions was to see how the employees felt regarding the career development opportunities that were available to them. According to the findings, “if the work is challenging, stimulating, and rewarding” influences employee turnover had the highest mean of 3.34 followed by training & development programs available is for respondents within project with a mean of 3.27, then the question with fair decision on promotion is with a mean of 3.22. The study findings adequate opportunities for professional growth had the mean of 2.59; similarly, respondents believe that career development plays a part on their decision to stay in the project influence employee turnover with a mean of 2.88. Career development help employees by matching experience in personal growth such as updating skills and learning different jobs with their job descriptions with a mean of 2.90.

#### **4.5. Pearson's Correlation Coefficient of Employee turnover**

Correlation is a technique for investigating the relationship between two quantitative, continuous variables. Pearson's correlation coefficient ( $r$ ) is a measure of the strength of the association between the two variables. There is a dependent factor which is employee turnover and five independent factors named job satisfaction, employee compensation, workload, relationship between employee & management and career development, Pearson correlation coefficient describes the relationship between each independent factor with dependent factor. The detail is depicted in the following table:

Table 9: Pearson's Correlation Coefficient of Employee turnover

		Job Satisfaction	Employee Compensation	Workload	Relationship between Employee and Management	Career Development	Employee Turnover
Job Satisfaction	Pearson Correlation	1					
	Sig. (2-tailed)						
Employee Compensation	Pearson Correlation	.234*	1				
	Sig. (2-tailed)	0.022					
Workload	Pearson Correlation	.427**	.443**	1			
	Sig. (2-tailed)	0.000	0.000				
Relationship between Employee and	Pearson Correlation	.349**	.350**	.536**	1		
	Sig. (2-tailed)	0.000	0.000	0.000			
Career Development	Pearson Correlation	0.021	.304**	.396**	.498**	1	
	Sig. (2-tailed)	0.842	0.003	0.000	0.000		
Employee Turnover	Pearson Correlation	-.391**	-.553**	-.715**	-.717**	-.660**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	96	96	96	96	96	96
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Own survey, May 2018

**Job satisfaction and employee turnover:** In regard to job satisfaction and employee turnover, Table 10 above indicates a strong significant negative relationship exists between job satisfaction and employee turnover intention. Correlation coefficient for job satisfaction was  $r = -0.391$ ;  $P$  value = 0.000.

**Employee compensation and employee turnover:** In connection with employee compensation and employee turnover Table 9 above indicates a strong significant negative relationship exists between employee compensation and employee turnover intention correlation coefficient for employee compensation relationship was  $r = -0.553$ ;  $P$  value = 0.000.

**Workload and employee turnover:** As per Table 10 above workload and employee turnover indicates a strong significant positive relationship exists between workload and employee turnover intention. Correlation coefficient for workload was  $r = -0.715$ ;  $P$  value = 0.000.

**Relationship between employee & management and employee turnover:** Relationship between employee & management and employee turnover intention indicates a strong significant negative relationship exists between relationship between employee & management and employee turnover correlation coefficient for employee compensation relationship was  $r = -.717$ ;  $P$  value = 0.000.

**Career development and employee turnover:** The Correlation coefficient for career development was  $r = -0.660$ ;  $P$  value = 0.000. For all the variables, the  $P$  value was less than 0.05; all the five variables met the significance level, therefore the relationships were statistically significant.

#### 4.6. Regression Analysis

##### 4.6.1. Model Summery

*Table 10: Model Summery*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 <sup>a</sup>	.790	.778	.305
a. Predictors: (Constant), Career Development, Job Satisfaction, Employee Compensation, Relationship between Employee and Management, Workload				

The  $R^2$  for this model is 0.790. This means that almost 79 percent of the variance dependent variables (Employee Turnover) is explained by the variation in the independent variables i.e. career development, job satisfaction, employee compensation, relationship between employee & management and workload. Over all significance on 0.000 which is less than 5% level of confidence. Thus, all variables are making a statistically significant unique contribution to the prediction of the dependent variable (Employee Turnover).

#### 4.6.2. ANOVA Table

Table 11: ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.463	5	6.293	67.657	.000 <sup>b</sup>
	Residual	8.371	90	.093		
	Total	39.833	95			
a. Dependent Variable: Employee Turnover						
b. Predictors: (Constant), Career Development, Job Satisfaction, Employee Compensation, Relationship between Employee and Management, Workload						

As per the above table the F-test, the linear regression's F-test has the null hypothesis that there is positive linear relationship between the predictors and dependent variable (in other words  $R^2=1$ ). With  $F = 67.657$  and 95 degrees of freedom the test is highly significant for  $p < 0.05$  level of significance, thus we can assume that there is a linear relationship between the variables in our model.

#### 4.6.3. Coefficient Table

The **Coefficients** table provides us with the necessary information to predict dependent variable Employee Turnover from other dependent factors career development, job satisfaction, employee compensation, relationship between employee & management and workload as well as determine whether independent variables contributes statistically significantly to the model (by looking at the "**Sig.**" column). Furthermore, we can use the values in the "**Beta**" column under the "**standardized Coefficients**" column, as shown below:

Table 12: Regression model that was developed by turnover intention as the dependent

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.608	.196		23.499	.000
	Job Satisfaction	-.117	.057	-.115	-2.055	.043
	Employee Compensation	-.138	.039	-.193	-3.504	.001
	Workload	-.217	.047	-.295	-4.580	.000
	Relationship between Employee and Management	-.172	.039	-.281	-4.411	.000
	Career Development	-.222	.038	-.342	-5.799	.000
a. Dependent Variable: Employee Turnover						

## B. Hypothesis Testing

### I. Job satisfaction (H1: Job satisfaction negative and significant relationship on employee turnover)

The regression analysis revealed that job satisfaction had negative and significant relationship on employee turnover (Beta = -0.115) and it supports the first hypothesis (H1) of the study. One unit increase in Job satisfaction results in a 0.115 unit decrease in employee turnover and this statically significant (P=0.043). That is, job satisfaction negative and significant relationship on employee turnover and this finding is in line with previous study done by (Herman, 1997; Mcconnel 1999; Richardson, 1999). Job satisfaction is defined as the extent of employees like their work (Agho and Price, 1992). Job satisfaction also has been used as a behavioural aspect of employee toward the organization by many researchers (Turkyilmaz et al., 2011, Sweeney, 2002). Several studies also indicated that job satisfaction is one of the most important factors for turnover intention (McKnight et al., 2009; Rutner et al., Korunka et al., 2008)

**II. Employee Compensation**(H2: Employee compensation had negative and significant relationship on employee turnover)

Pay is defined as the wages, salary, or compensation given to an employee in exchange for services the employee performs for the organization (Kuria, Alice and Wanderi, 2012). Employee compensation had negative and significant relationship on employee turnover (Beta = -0.193) and it supports the second hypothesis (H2) of the study. That is, employee compensation has negative and significant relationship on employee turnover which implies that one-unit increase in employee compensation i.e. fringe and welfare benefits like bonus, travel allowances, insurance, medical etc. results in a 0.193-unit decrease in employee turnover and this statically significant (P=0.001). One of the most common reasons given by employees leaving their current employment is the availability of higher paying jobs (Wood and Macaulay, 1991). Gupta and Shaw (2001), argue pay as the most critical outcome of organizational membership for employees. On a similar note, Kusluvan (2003) also said one of the major causes of friction between the employers and their employees is a real or perceived lack of fairness in the distribution of wages. It is further argued that when the difference becomes too great and another opportunity occurs, turnover can result (Taylor, 2002).

**III. Workload** (H3: Workload negative and significant relationship on employee turnover)

The regression analysis revealed that workload had positive and significant relationship on employee turnover intention (Beta = -0.295) and it supported the third hypothesis (H3) of the study. One unit increase in workload results in a 0.295 unit decrease in employee turnover and this statically significant (P=0.000). That is, workload positive and significant relationship on employee turnover intention. Workload refers to the amount of work that is allocated to an employee to do. Workload refers to the intensity of job assignments. It is a source of mental stress for employees. As defined by Robbins & Judge (2014), change in workload tends to change the stress level of employees, which ultimately affect the performance of employees. Stress is not necessarily bad in and of itself, while it is typically discussed in a negative context. It is an opportunity when it offers potential gain.

**IV. Relationship between Employee and Management** (H4: Relationship between Employee and Management negative and significant relationship on employee turnover)

The regression analysis revealed that relationship between Employee and Management had negative and significant relationship on employee turnover (Beta = -0.281) and it supported

the third hypothesis (H4) of the study. That is, relationship between Employee and Management negative and significant relationship on employee turnover. One unit increase in good relationship between employee and management results in a 0.281 unit decrease in employee turnover and this statistically significant ( $P=0.000$ ). Sekar (2011) argues that the relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself. The management that dictate how, exactly, to maximize employee productivity center around two major areas of focus: personal motivation and the infrastructure of the work environment.

**V. Career development** (H5:Career development has negative and significant relationship on employee turnover)

Career development had negative and significant relationship on employee turnover (Beta = -0.342) and it supported the fifth hypothesis (H5) of the study. That is, career development has negative and significant relationship on employee turnover. One unit increase in career development results in a 0.342 unit decrease in employee turnover and this is statistically significant ( $P=0.000$ ). Career development is rated as a significant attribute. However, it is not experienced sufficiently by employees as training is not targeted and specific to the needs of the employee. Training tends to be generalised to save money and to simplify efforts. This attribute is one of the factors most likely to influence employees' decision to leave the project as many employees look for some growth and development opportunities.

## **What are the causes of employee turnover intention from management perspective?**

This part of the analysis focuses on how the management of the organization views the causes of employee turnover by using data grouping technique where group of answers from the interviews to questions were analysed to see what respondents said.

**Employee turnover is understood by the management of Strong Heart Development and Capacity Building Project** “employee turnover is when number of workers who leave the organization and are replaced by new employee”

Concerning employee turnover as a serious problem of Strong Heart Development and Capacity Building Project, the organization was fortunate to keep its employee for longer time but the situation was changed and employee are leaving the organization from time to time, and it is becoming a problem.

As it is observed for the management comment regarding exit interview, it is not a culture of the organization, the reason for departure is heard informally. The problem of turnover intention is a recent problem to them. Per the understanding of the management the reason for employees wanting to leave the organization, is mostly due to poor salary and compensation, and the work of the organization is routine and repetitive and it might create loss of interest and wanting new environment elsewhere.

According to the department and project leaders understanding; the relationship between management and employee is not quiet smooth as it is expected. It is obvious if the staffs are not happy with some arrangement of the organization and the management is not in the position of fulfilling the request it surly creates disagreements and destroy the smooth relationship. The department heads clearly stated that the organization took the employees for granted and didn't work harder to resolve some of the issues. One of the reasons not to handle some of the employees request is the Strong Heart Development and Capacity and Capacity Building Project is under the influence external body and the management can't operate independently.

Most of the employees are not getting paid fairly for the service they render. On the other hand some employees are getting paid fairly with the level of their education. The organization salary increment policy is very offensive to most of the organization staff. The reason behind the salary scale of the organization has some defects from the beginning and it

is the headache of the management for a long time. The government policy on local NGO's is also one of the challenges to make salary compensation and adjustment. The organization needs to maintain the 70/30 policy, 70% the organization budget to the activity cost and 30% to administration cost like salary and the like. When the employee leaves the organization, it takes two to three months sometimes to replace the new one. The reason why it takes two to three months is the offer of the organization is not attractive enough.

The relationship between the management and the employee is not as smooth as it is hoped it to be; but it is understood that unsatisfied employee lacks motivation but it is difficult for the management to give solution to some of the question since Strong heart development and capacity building project is under the supervision of partners from abroad and the management can't fully operate by itself.

The number of leavers created a great impact on the organization's service. In Strong heart development and capacity building project, the area which is highly affected by employee turnover is youth centre, and school areas. The organization is forced to completely shut down the youth counselling office to find long term solution in terms of salary adjustment and expected qualification for the position as well. As it was stated by the project leader, the youth counsellor's compliant was the compensation and benefit package of the organization was never been fair.

The education department also facing difficulties; it affects the teaching and learning environment as it takes time to get to know each other's with the students and to treat the students according to their level. The school is from kindergarten to grade 4 and these small children who want to have familiar face around who create a friendly environment. Establishing this kind of relationship with the children, take time for sure.

The counselling office and the teaching department is still the risk area. In addition, social office seems to be more vulnerable to turnover due to attention is not given to the department and the staff.

The suggestion given to minimize to reduce the rate of turnover intention and its negative effects on the organization's service is, the organization needs to hire the right people in the right place, after competitive pay, especially for the service they give and for their level of qualification and to their degree of responsibilities.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Introduction

The purpose of this study was to assess the factors influencing the turnover intention of Strong Heart Development and Capacity Building Project. This study investigated the reason for turnover intention and the relationship among turnover related variables. From the research results, the researcher found that job satisfaction, compensation, work load, management and employee relationship and career development are important factors affecting the turnover intention. The level of job satisfaction, compensation, work load, management and employee relationship and career development all affect turnover intention.

Questionnaires were distributed to 96 current employees in Strong Heart development & capacity Building Project using hard copies 96 of them replied with answers, making the percentage of respondents 100%.

#### 5.2. Summary of Findings

The overall results support that job satisfaction; employee compensation; career development, relationship between Employee & Management and career development have significant impact on employee's turnover in Strong Heart development & capacity Building Project. The following findings were summarized per variables.

- **Job Satisfaction:** From the descriptive statistics, it can be inferred that there is room for improvement of employee turnover through job satisfaction by the respondents with their means being close to 3.4. The regression and correlation analysis also revealed that job satisfaction had negative and significant relationship on employee turnover (Beta = -0.117 &  $P < 0.05$ ) and it supported the first hypothesis (H1) of the study. That is, job satisfaction has negative and significant relationship on employee turnover.
- **Employee Compensation:** The study conducted on the employee compensation revealed that the mean score value for the category in average was 2.58 which falls on undecided of agreement. This implied that the overall average response for the job

satisfaction was undecided by the respondents. The regression and correlation analysis also revealed that employee compensation had negative and significant relationship on employee turnover (Beta = -0.138 and  $P < 0.001$ ) and it supported the second hypothesis (H2) of the study. That is employee compensation has negative and significant relationship on employee turnover.

- **Employee Workload:** As per descriptive statistics, it can be inferred that there is room for improvement of employee turnover through employee workload reduction as per the respondents with their means being close to 3.08. The regression and correlation analysis also revealed that employee workload had positive and significant relationship on employee turnover (Beta = -0.217 and  $P < 0.001$ ) and it supported the third hypothesis (H3) of the study. That is, employee workload has positive and significant relationship on employee turnover.
- **Relationship between Employee & Management:** Respondents indicated that their relationship with their supervisor can make them quit the project with an overall mean of 3.09 i.e. there is room for improvement of employee turnover through improvement of Relationship between Employee & Management. The regression and correlation analysis also revealed that Relationship between Employee & Management had negative and significant relationship on employee turnover (Beta = -0.172 and  $P < 0.001$ ) and it supported the fourth hypothesis (H4) of the study. That is, relationship between employee and management has negative and significant relationship on employee turnover.
- **Career Development:** According to the findings, “challenging, stimulating, and rewarding” influences employee turnover had the highest mean of 3.34 followed by training & development programs available is for respondents within project with a mean of 3.27. The regression and correlation analysis also revealed that career development had negative and significant relationship on employee turnover (Beta = -0.222 and  $P < 0.001$ ) and it supported the fifth hypothesis (H5) of the study. That is career development has negative and significant relationship on employee turnover.

### 5.3. Conclusion

As mentioned in the introductory part organizations want to retain their efficient and productive employees for as long as possible. However, employees leave organizations due to internal or external factors. It is believed that a certain number of staff turnover is acceptable by most organizations so as to inject new blood that can bring new ideas and experiences to the organization. Moreover, some organizations use acceptable staff turnover to promote subordinates to the higher positions. But the cost of staff turnover and its impacts on productivity and efficiency alone is enough to depress any human resource manager and the organization. For instance, there might be a delay of service delivery while waiting for the arrival of a replacement. In addition, there might be production losses or discontinuity in service delivery while assigning and employing replacement staff (Ziel&Antoinette 2003). Often the organization experiences a waste of time due to inexperienced replacement of staff. Management and other staff spend valuable time not doing their job but trying to orientate and train the replacement staff.

Through this study the researcher identified the major causes of employee turnover at Strong Heart development & capacity Building Project. A combination of quantitative and qualitative data was used to conduct this study which employed data collection techniques like questionnaires and interview check lists. Both quantitative and qualitative data collected were analysed by employing analysis techniques of descriptive statistics and qualitative analysis method respectively. Consequently, the findings from the survey and the interviews have been presented. Accordingly, the following conclusions were drawn after the analysing the collected data.

- **Job Satisfaction:** It is concluded that job satisfaction in the project is one of the causes of employees' turnover at Strong Heart development & capacity Building Project. Hence, most of the employees might left the project and they will leave the project when they get unsatisfied, loss of enjoyment in current job, bored with current job and unable to accomplished worthwhile things in current job.
- **Employee Compensation:** The employee compensation system and benefit packages of the project are one of the sources/causes of employees' turnover at Strong Heart

development & capacity Building Project. Hence, most of the employees might leave the project and they will leave the project when they get better offer by the competitors.

- **Employee workload:** It is concluded that employee workload in the project are one of sources/causes of employees' turnover at Strong Heart development & capacity Building Project. Hence, most of the employees might left the project and they will leave the project when, the amount of work expected from the current job is unreasonable, the work load is unequally divided among all employees of the project, there is no enough staff to adequately cover the unit, there is not enough time to complete all current tasks and finally when the workload stress makes respondents consider looking for a new job
- **Relationship between Employee & Management:** It is concluded that Relationship between Employee & Management in the project are one of sources/causes of employees' turnover at Strong Heart development & capacity Building Project. Hence, most of the employees might left the project and they will leave the project when, the Supervisors/managers unable to give good advice and instructions, the manager is not interested in professional development and advancement, and when management team failed to ensure that an employee will not leave the organization and failed to deal with employees work related issues.

**Career Development:** Lack of career development is one of the elements most likely to encourage employees' decision to leave the project as many employees look for some growth and development opportunities and lack of training that is specific to the needs of the employee will result in frustration that leads to employee turnover in Strong Heart development & capacity Building Project. In organizations where there were no career growth employees tend to leave and work elsewhere. Therefore, having in place training and development opportunities was essential in retaining staff as they are looking in advancing their career goals.

#### **5.4. Recommendation**

The following points are forwarded as recommendations if Strong Heart development and Capacity Building Project is to minimize turnover and retain employees.

It is important to implement practicable strategies at least to reduce observed and avoidable problems. Hence, special attention should be given to human resource development, and revising the activities and benefit package of the organization with external market and make the best out of HR practices.

- The organization should have strategy to ensure that their employees are satisfied with their job. This would ensure that the employees are committed to their job and the organization as well which would in turn prevented their turnover. This is a positive practice that must be encouraged further and facilitate means of job satisfaction within the organization.
- The project should adopt a culture that appreciates employees and recognizes their efforts by rewarding well performing employees.
- The management should clearly define the task roles and the expected performance of each employee in the contract to avoid workload.
- The organization should look for ways to accommodate extra tasks or if employees have to work overtime.
- The work should be fairly distributed as it creates a feeling of being used by the group who is over working and results burnout.
- In organizations where there was no career growth employees tend to leave and work elsewhere. Therefore, having in place training and development opportunities was essential in retaining staff as they are looking in advancing their career goals.
- The employers should adopt a leadership style that does not have negative impact on the employees` morale.
- The organization should enhance training and development programmes which would increase employee`s skills and knowledge and this in turn made the individual to be committed to the organization to reduce the employee turnover.
- The organization should have an effective coaching and mentoring program aimed at supporting employees as they undertake their duties and responsibilities. This system

helps management to develop good relationship with employees, and also help identify talents that can be further developed through trainings and education.

### **Suggestion for further Study/research**

To address the limitations of this research, I recommended that further research can be conducted to investigate the cause of employee turnover and retaining mechanism in order to handle the human asset. Since this research is only limited to Strong Heart Development and Capacity Building project any interested body can use this as a starting point for the study of other similar local NGOs by using large sample data to pin out the exact causes and consequence of employee turnover Employee turnover. The topic is interesting, because it is not always the same factors relating to each company.

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## **Annex I: Survey Questionnaires**

Dear respondents my name is Ayantu Shiferaw. I am conducting a research. This questionnaire is developed to collect data on the topic entitled " ASSESMENT OF TURNOVER INTENTION: THE CASE OF STRONG HEART DEVELOPMENT AND CAPACITY BUILDING ". It will be carried out for academic purposes, to write a Thesis; in partial fulfilment of the requirement for the Masters of Human Resource Management Filling the survey questionnaire is voluntary. Your genuine response will provide valuable information on the topic. The information you provide is completely confidential. Thank you for your valuable time

### **Part I - Profile of Respondents**

1. Gender: Male Female

2. Age a) 18-25 b) 25-30 c) 30-35 d) 35-40 e) above 40

3. Education level

a) Below Grade 10 b) 10+1-10+3 c) Diploma

d) BA e) MA f) PHD

4. Monthly Income of the respondents

a) Below 1200 birr b) from 1200-2200 birr c) From2200 -3800

d) From 3800-5400 e) from 5400-8300 f) above 8300

5. How long did you work in Strong Heart development and Capacity Building Project?

a) 1- 3 years b) 3-5 years c) more than 5 years

6. Your total work experience

a) 1- 5 years b) 5-8 years c) 8-12 years d) more than 12 years

7. Terms of employment

a) Contract b) Permanent staff c) Temporary

8. Your area of work

a) Teaching b) Medical staff/Counselling c) child care givers /Social work

d) Supportive staff f) Management area

**Part II-Questionnaire on Employee Turnover**

Use the following rating scale put - mark for each rating.

1. Strongly Disagree 2. Disagree 3. Undecided 4. Agree 5. Strongly Agree

**Please indicate the extent to which you agree with the following statements;**

<b>1. Job satisfaction</b>	1	2	3	4	5
1.1 I find real enjoyment in my job.					
1.2I am actively looking for a job outside this organization.					
1.3 I am often bored with my job.					
1.4 I have accomplished many worthwhile things in my job					
1.5 I am fairly well satisfied with my job.					
<b>2. Employee salary</b>					
2.1I am paid fairly for the work I do					
2.2 The current salary and other benefit package of the organization is not fair in relation to other external markets					
2.3 My salary is competitive with similar jobs I might find elsewhere.					
<b>3. Workload</b>					
3.1 The amount of work expected of me is reasonable.					
3.2 The work load is divided equally among all the organization employees					
3.3. Not enough staff to adequately cover the unit.					
3.4 Not enough time to complete all my					

tasks.					
3.5 Workload stress makes me consider looking for a new job.					
<b>4. Relationship between Employees and Management</b>					
4.1 Supervisor/manager give good advice and instructions					
4.2 My manager is actively interested in my professional development and advancement.					
4.3 I am always treated fairly by my manager					
4.4 Management addresses the work-related issues to the dissatisfied employees					
4.5 Management tries their best to ensure that employees will not leave the organization					
<b>5. Career development</b>					
5.1 I have adequate opportunities for professional growth in this organization.					
5.2 Are training & development programs available					
5.3 Career development plays a part in my decision to stay in this organization.					
5.4 I experience personal growth such as updating skills and learning different jobs					
5.5 My work is challenging, stimulating, and rewarding					
5.6 Promotion decisions are fair					

<b>6. Effects of employee turnover</b>					
6.1 I fell turnover affected the service of the origination					
6.2 There are jobs/departments that are highly affected because of employee turnover					
6.3 When an employee leaves I feel like leaving to.					
6.4I am actively looking for a job outside this organization.					

**Annex II: Interview Questionnaires**

1. Name of interviewee
2. Age \_\_\_\_\_
3. Gender
  - a. M
  - b. F
4. Level of education
5. What is your position title?
6. How do you understand employee turnover?
7. Do you feel that employee turnover from the organization is a serious problem?
8. Do you make an exit interview when employees resign? If yes, do you know why employees are leaving the organization
9. Do you think that there is smooth relationship between management and employees?
10. Do you agree that employees are paid well for the service they render?
11. How long does it take to replace or assign new employee for the vacated post or job?
12. Which areas of responsibilities so far have been affected because of employee turnover and which area is more vulnerable of high turnover?
13. What do you suggest to reduce the rate and even its negative effect on the organization?

Any comments \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thank you for your time and kind cooperation