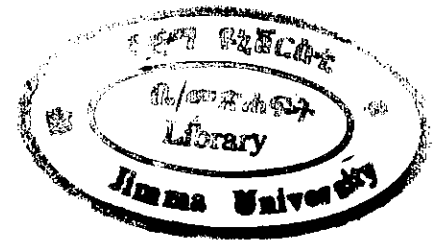
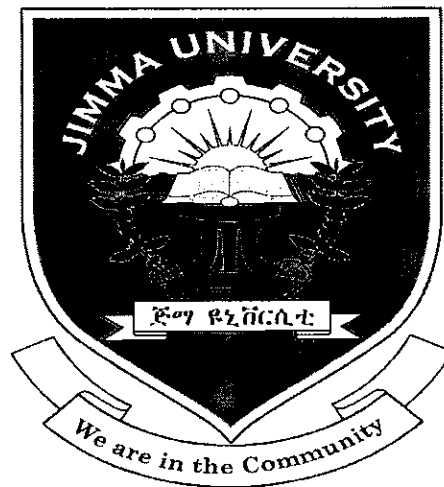


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**CAUSES AD EFFECTS OF EMPLOYEE TURNOVER IN
ETHIOPIAN REVENUE AND CUSTOMS AUTHORITY
(EVIDENCE FROM JIMMA BRANCH OFFICE)**

*A thesis submitted to the department o Management, School of Graduate Studies,
College of Business & Economics Jimma University in Partial Fulfillment for the
Requirement of Masters of Business Administration (MBA) Degree.*

BY: SIMBO ABEBE



**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM**

June, 2015
Jimma, Ethiopia

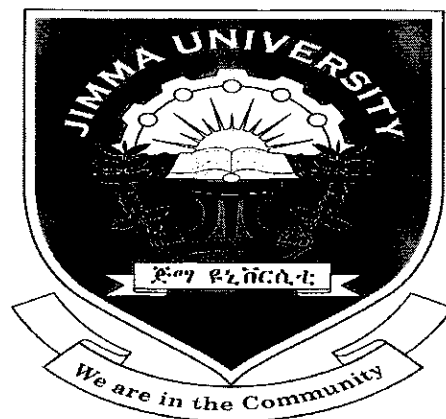
Causes and effects of Employee Turnover: *the case Ethiopian Revenue and Customs Authority Jimma Branch Office*

By: Simbo Abebe

Under guidance of
Dr Shimelis Zewude

And

Mr Hayelom Nega



A thesis submitted to the graduate studies of Jimma University impartial fulfillment of the requirement for the award of degree of Masters in Business Administration

JIMMA UNIVERSITY
MBA PROGRAM

June, 2015
Jimma, Ethiopia

Declaration

I hereby declare this thesis "causes and effects of employee turnover the case of Ethiopian revenue and customs authority Jimma branch" has been carried out by me under the guidance of Dr Shimmelis Zewude and Mr Hayelom Nega.

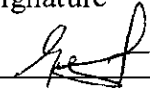
The thesis is original and has not been submitted for the award of any degree or diploma to any University or institution.

Researcher Name

Date

Signature

Simbo Abebe

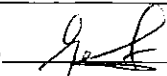


DECLARATION

I declare that this thesis submitted in partial fulfillment of the Requirements of Masters of Business Administration degree requirements in my own work in accordance with University of Jimma academic regulations. It has not been submitted for any degree or examination in any other University, and all the sources I have used or quoted have been indicated and acknowledged by complete references.

Simbo Abebe

Date: _____

Signature:  _____

Acknowledgement

First of all I would like to say Glory be to almighty God for giving me this opportunity and helping me and giving me his strength to start and finish my research.

Secondly I would like to give my sincerely gratitude for my main advisor Shimelis Zewude(Phd) and my co advisor Mr Hayelom Nega for their help and constructive comments throughout my research from the beginning up to the end time.

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Finally I would like to say thanks for all the respondents who took the questionnaires and give me their opinion regarding the issues under study.

ABSTRACT

This study aims at analyzing the causes and impacts of turnover on Ethiopian Revenue and Customs Authority and particularly the case of Jimma branch office.

In order to identify the causes and effects of the staff turnover in Ethiopian Revenue and Customs Authority Jimma Branch office, the research used both primary and secondary data. In order to make the study more reliable census method was used. With regard to primary data, first hand data was collected through questionnaire filled by twelve (12) terminated and all the existing non-management and management staffs of the organization which is 172. Moreover data about the trend of both existing and terminated staff were collected from the organization's human resource department. The research is quantitative. Analysis was done using descriptive, correlation and regression techniques, by the use of SPSS version 20 for windows.

From the study it was seen that the main causes of employee turnover emanates from internal factors prevailing in the organization on which the organization has control over. The study also finds the negative effect of employee turnover on organizational effectiveness and employee performance.

Key words: Employee turnover, Employee performance and Organizational effectiveness

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

According to the definition of Michael J. Jucioous human resource management is planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and societal objectives are accomplished (B.B. Mahaparo, 2010, pp., 3). The difficulty in doing the above process effectively may lead to employee turnover in which the accomplishment of organizational objectives may become difficult.

Employee turnover, as defined by Hom and Griffeth (1994), is 'voluntary terminations of members from organizations'. 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. According to Singh *et al.* (1994), staff turnover is the rate of change in the working staffs of a concern during a defined period.

Turnover is a serious and costly problem but it is rarely seen as such by the people who could take action to prevent it (Jenkins S., 1988:44). In broader sense, turnover refers to the movement of into and out of the organization by the workforce (Fhippo E.B., 1980:126). Labor turnover is an important parameter indicating the overall health of industry or an establishment in terms of wages, industrial relations, working conditions and other welfare facilities provided by employers to the workers. High rate of labor turnover indicates lack of stability in the labor force (<http://www.laboureau.inc.in/Asi203c/chptr.111/lab/labour.htm>).

Managers must be cognizant of the effects that working conditions have on employees job satisfaction and commitment levels since there is significant economic impact with an organization losing any one of its critical employee. Combined with direct and indirect costs, the total cost of employee turnover is a minimum of one year's pay and benefits or a maximum of two years pay and benefits (Fitzenz, 1997). 58% of organizations claim that they are experiencing difficulty retaining these employees (Hale, 1998). The challenge, then, is to develop a corporate culture that is extrinsically rewarding resulting in workforce of highly satisfied, effectively committed workers.

Ethiopian revenue and customs authority as a government department has diverse mandates and functions. The Authority's mission is carried out by a number of departmental unit and regional offices. Different services are delivered to customers through a network of regional/district offices and service

points. The base for these services is human resource.

Ethiopian revenue and customs authority has been experiencing the different functions of human resource management practices at different levels including the planning, staffing, recruiting, training and employee benefit functions. Up to this year the authority have around 10,040 employees of which most of the employees are recruited through the process of selecting students having a CGPA of 2.75 and above from different fields of study from higher institutions/ universities. After selecting them the authority gives an induction training for about 45 days which costs a lot. Those selected and trained employees through the above recruitment process have been assigned to the basic tasks such as tax collection and assessment, tax audit, law enforcement and customer service. These tasks are the main reason of which the authority is established to accomplish.

But when comparing the number of employee employed and number of employees leave out the authority the gap is getting smaller since 2002 E.C. According to the data of human resource department of the authority about 10,040 employees are working now but there was a lot of recruitment process done by the authority to replace the employees that left out the authority with different reasons from different branches of the authority all over Ethiopia. This shows that an employee turnover is a very alarming problem for the authority to achieve its mission and visions as a whole but the authority chooses to replace employees rather than finding and solving the problem for the high turnover rate.

Since Ethiopian Revenue and Customs authority Jimma branch is one of the branch office it is also established to accomplish the authority's vision, mission and objectives in four different branch offices under it. These branches are Jimma and Nekemte which are domestic tax collection offices and Assosa and Gambella which are custom duty collection and control center prevailing according to their proximity.

Jimma branch will possess different recruitment process of which employees who have a Diploma and less than Diploma are recruited through the vacancy announcement made around Jimma area. But the employees who have degree are recruited and assigned to the branch from head office through the above mentioned recruitment process.

According to the data of human resource department o Jimma branch office there are 173 employees under it in 2007 E.C. But when turnover is seen around the rate is getting higher from time to time for employees who have degree and assigned from head office. This shows that the employee turnover is high on the employees who have degree and above which have a great contribution for the authority's vision, mission and objectives to be achieved. This study is intended to highlight the observed turnover problem and its impact in the authority so that the possible solution will be taken by the authority to

reduce the employee turnover problem.

1.2. Statement of the Problem

Today's competitive business world, it is considered to be an important task to manage employee turnover for any Organization. These days the cost of staff turnover becomes one of the major concerns of organizations both in financial and non-financial terms. It is also crucial for any organization to retain its talented employees. Every organization wished to have high productivity, fewer turnovers and to be profitable. Managing turnover successfully is a must to achieve the above goals.

Ethiopian revenue and customs authority is an organization giving service of collection and administrating domestic taxes and duties using a lot of human resource. ERCA have its own employee recruitment process and procedures. One and the most part of employee is recruited through selecting students from higher educational institutions (universities) in Ethiopia starting from 1999 E.C. The students are recruited based on their CGPA, i.e. students having CGPA of 2.75 and above are selected and trained the induction training for about 45 days to make them cope with the country's policy and strategies and the rules and regulations that prevails in the authority. By following the above procedure the authority have around 10,040 employees in the organization in 2007 E.C.

As staff turnover is a crucial problem for most public organizations in Ethiopia, Ethiopian Revenue and Customs Authority in a country level faces a high employee turnover rate. According to the research done human resource department of the authority to know how the trend is growing as a whole around 1%, 1.8%, 2.3%, 3.5%, 4.8% of employees hired have been left the organization starting from 2002 up to 2006 respectively and in order to replace the terminated employees the authority have incurred a lot of costs. This increment in the employee turnover is a crucial problem for a public service giving organizations which have a lot of goals and objectives to accomplish throughout the years.

Since the authority has branch office in Jimma the branch office also faces a high employee turnover rate since certain years. Since the employees have great potential and trained with high expensive costs the employee turnover within the authority must be seen as crucial and immediate solution seeking problem. The observed reality is that there are 173 employees in the authority in branch level in 2007. But when turnover is considered the rate is growing up throughout the year starting from 2002 E.C. Starting from 2002 up to 2007 the employee turnover ranges from 3 up to 15 respectively due to different reasons and replacement process took place which is a cost to the branch. Since the terminated employees have a great potential, well trained and recruited through the above mentioned recruiting procedure which is expensive this issue must be taken as an issue that seeks immediate solution. There is one study done in the authority at Ethiopia level in head office on how many employees in the organization leave the

organization whether in head office level or branch level but the study didn't consider why employees leave the organization and what must be done to decrease this. So this study was done to fill the gap.

Therefore, this project paper was aimed to pinpoint and provide possible suggestions that can help to reduce the problems associated with high staffs turnover in the Ethiopian Revenue and Customs Authority Jimma branch office. In order to achieve the above objectives, the research questions are

1. What are the actual reasons of turnover?
2. What are the consequences of high staffs turnover in the authority?
3. Are the management staffs aware of the high employee turnover and its impacts?
4. What is the attitude of the management staffs with regard to staff turnover?

1.3. Objectives of the Study

1.3.1. General objective

The main objective of this study is to assess the cause and impact of staff's turnover in ERCA Jimma branch office and to suggest possible solutions to minimize staffs turnover and its consequences.

1.3.2. Specific objectives

- Identify the major causes of staff turnovers in ERCA Jimma branch office.
- Analyze the impact of staff turnover in the well-functioning of the organization.
- Know at what point of experience/year of service most employees are going to leave the organization.
- Identify the attitude of the management staffs with regard to staff turnover.

1.4. Significance of the Study

As this study was gone to assess the impact and causes of the staff turnover in ERCA Jimma branch office, it provided important information about the existing problem of staff management in this organization. The study also provided sufficient data about the causes of staff turnover and the means for minimizing staffs turnover. Moreover, this study laid ground for future researchers. And at the end it helps me to get MBA masters.

CHAPTER TWO

LITRETURE REVIEW

2. Theoretical literature review

2.1. Definition of turnover

According to Ivancevich and Glueck, staff turnover is the net result of the exit of some employees and entrance of others to the organization (Ivancevich John & Gluech William 1998 pp873). 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 can occur in any organization might be 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. (Heneman, 1998)

According to Page (2001:17), staff turnover encompasses personnel moves including layoffs, firings and promotions. While the idea of staff turnover is harrowing for many businesses, the desire for a stable bottom line often trumps relationships with long time employees. In many cases, staff turnover is limited by union representation and employee contracts. According to Hamermesh (2001:143), every manager, supervisor and business owner has to understand the complexities of staff turnover before making the first personnel decision. An incorrect promotion or firing can lead to lost productivity as well as diminished loyalty from employees. The function of staff turnover is to keep essential personnel in positions best suited to their skills (Mullins, 2005:63). According to Booth and Hamer (2007:81), staff turnover may entail consolidating positions and creating new jobs that reflect the new challenges facing an organization.

According to McConnel (2004:289), firings and layoffs are used to reduce wages and benefits payments that are diverted elsewhere in the organization. According to Mathis and Jackson (2007:301), staff turnover can be broken down into internal and external types. Internal staff turnover strategies involve promoting current employees, adding new responsibilities to job titles and bringing in entry-level employees due to company growth. External staff turnover implies that employees are leaving the company to seek new jobs, raise families or enter retirement.

Most of the above scholars have defined staff turnover in terms of the indefinite period (permanent) employment contract made between employer and employee. As a result they have assumed the in and out movement of all staffs without considering the type of employment. However, Loquercio's definition excludes the expected termination of contractual employees which is much more expected and the general characteristics of most civil services.

Staff turnover that can occur in any organization might be either voluntary or involuntary. Voluntary turnover is 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. (Heinernann et al, 1998, pp 181)

2.2. Causes of staff turnover

According to Carrel, Elbert, Hatfield, Grobler, Marx and Van der Schyf (2000:579), staff turnover may be caused by low remuneration, job dissatisfaction and unfair treatment. According to Grobler, *et al.* (2002:257), staff turnover costs may be estimated to include separation, replacement, recruitment and training costs. Thus, if management were aware of the causes of staff turnover they could try to resolve them. Booth and Hamer (2007:300) state that management in different organizations work hard to reduce the high rate of staff turnover. Management is concerned with managing human resources in such a way that the employees become one team working for the same goals. The following are some of the causes of staff turnover:

2.2.1. Employee expectations as the cause of staff turnover

New employees have expectations but when these expectations are not met, they may start withdrawing from work using sick leave, family responsibility leave and all kinds of excuses (De Vos, Strydom, Fouche and Delpont, 2007:303). Employees expect that their performance will correlate with the rewards received from the organization. Employees set expectations about rewards and compensation to be received if certain levels of performance are achieved. These expectations determine goals or levels of performance for the future. Employees achieving the desired levels of performance expect a certain level of compensation. If employees see that hard work and superior performance are recognized and rewarded by the organization they will expect such relationship to continue in the future. Therefore they will set higher levels of performance expecting higher levels of compensation. If employees see little relationship between performance and rewards, then they may set minimum goals in order to retain their jobs but will not see the need to excel (Birdi, Clegg, Patterson, Robinson, Stride, Wall and Wood, 2008:68).

2.2.2. Job – person match as the causes of staff turnover

It is important for the person's abilities, personalities and skills to match the job requirements. If there is no match, the employees become bored by the job that provides no challenges or one that provides unrealistic challenges. These realities are the ones that make people leave the organization (Erasmus, Van Wyk and Schenk, 2003:41).

2.2.3. High labor demand as the cause of staff turnover

When the demand for labor in an industry is high, an opportunity for changing jobs in that industry becomes enhanced (Neo, *et al.*, 2006:33). This assertion is supported by Harrison and Kessels (2004:291) who in their research on labor turnover in the retail industry found that environmental factors such as local labor markets had a major influence on labor turnover.

2.2.4. Individual employee as the cause of staff turnover

There are factors specific to the individual that can influence turnover. These include both personal and trait-based factors. Robbins and Decenzo (2001:67) state that personal factors include issues such as 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 staff turnover. These traits include behaviors such as loafing, absenteeism, theft, substance abuse on the job and sabotage of employer's equipment or production (Page, 2001:20).

2.2.5. Employee recognition as the causes of staff turnover

Robbins (2003:102) states that individuals at all levels of the organization want to be recognized for their achievements on the job. Their successes do not have to be monumental before they deserve recognition, but the praise should be sincere. Steers (2002:59) states that one premise inherent in Herzberg's theory (1959) is that most individuals sincerely want to do a good job. To help them, they should be placed in positions that use their talents to an optimal level and where they are not set up for failure (Mathis and Jackson, 2007:116). Clear, achievable goals and standards for each position should be set and should be known to employees. Individuals should also receive regular, timely feedback on how they are doing and should feel they are being adequately challenged in their jobs. Individuals should not be overloaded with challenges that are too difficult or impossible (Tyani, 2001:176).

2.2.6. Job ownership as the cause of staff turnover

According to Park (2003:43), employees will be more motivated to do their jobs well if they have ownership of their work. This requires giving employees enough freedom and power to carry out their

tasks so that they feel they own the result. As individuals mature in their jobs, the organization should provide them with opportunities for added responsibility.

2.2.7. Lack of supervision as the cause of staff turnover

According to Booyens (2000:70), the essence of supervision lies in the evaluating the effectiveness of the organization, both vertically and horizontally, and ensuring that resources are used adequate and correct, errors are rectified, standards maintained and objectives attained. According to Robbins (2003:79), supervision should be a democratic process during which employees are given help and encouragement by supervisors. The supervisor must recognize the value of each member of the team and each one has a vital role in to play to achieve quality service delivery and creating high level of motivation among personnel. A study conducted by Booth and Hamer (2007:298), showed a significant positive relationship between supervision and employee turnover. Page (2001:73) states that supervisors act as a source of social support to the employee. They provide means of attaining the desired goals and they orient the employee when he/she first joins the organization. Supervisor willingness or unwillingness to delegate responsibility or to teach the employee or exercise fairness in treatment can lead to the employee's dissatisfaction with his work and possible turnover (Falkenburg and Schyns, 2007:708).

2.2.8. Physical environment as the causes of staff turnover

According to Hamermesh (2001:146), the physical environment includes physical structures in which employees work, such as buildings, offices and the lighting, ventilation, noise vibration temperature, humidity and air quality. To motivate the workforce, it is important to ensure a hazard free and safe environment which also enhances efficiency and productivity (Del Val, and Fuentes, 2003:148). When the adverse effects of the physical work environment are not attended to by management, employees may lose interest in the work and might leave the organization. In support of this assertion, Heizer and Render (2006:469), state that if the work environment is not conducive to the employee's wellbeing and expectations it can contribute to decisions to leave.



2.2.9. Employee expectation as the causes of staff turnover

According to Nel, *et al.* (2004:185), when an employee joins an organization, besides the employment contract, usually a psychological contract is established between employer and employee with respect to what each should expect of the other. Habeck, Kroger and Tram (2000:132) add that psychological contracts consist of the individuals' beliefs regarding the terms and conditions of the exchange agreement between themselves and their organizations. They emerge when individuals believe that their organization has promised them certain inducements in return for their contributions (Park, 2003:112). These inducements might include promotion and other benefits. This type of contract is usually informal and unstated and often spells shared commitment to a goal or objectives. It is also dynamic and changes with time. If at any time during the course of employment, the employee perceives a breach of the psychological contract, the commitment by the employee to the organization becomes diminished and triggers feelings of discontent which can lead to the employee leaving the organization (Ekinci and Riley, 2000:293).

2.2.10. Lack of staff training and development as the cause of staff turnover

According to Booyens (2000:53), for an organization to be successful in providing service delivery it is essential for management to introduce, manage and evaluate programs with the aim of developing personnel, their knowledge, skills, attitudes, their own personal growth and fulfilment. The planned development of the organization will promote staff development. Staff training and development includes a number of different educational undertakings, namely, induction training, orientation, in-service education, continuous training and career development. The planned development of the organization will promote staff development. Staff training and development includes a number of different educational undertakings, namely, induction training, orientation, in-service education, continuous training and career development. Career development requires formal action by an organization to ensure that employees with appropriate qualifications and experience are available when the organization requires their services. According to Nel, *et al.* (2004:373), the reasons for career development in organizations are the following:

- The quality of employee's work life is improved when he/she has the opportunity to progress in his/her career.
- Employees are able to learn new skills with the result that there is always a demand for them.
- Career development of employees decreases an organization's employee turnover rate.
- The personal job satisfaction of the employees is enhanced when their abilities have been developed and when they are placed in positions that suit their ambitions and abilities.

Booyens (2000:387) asserts that training serves as a dual role in that it helps management meet its human resources requirements, while at the same time increasing the market value of those being trained and hence their bargaining power. Training equips an employee with capacity to meet the challenges of the job he/she is supposed to perform. If the trainee receives inadequate training the job becomes very frustrating and can stir feelings of turnover intention (Kirschenbaum and Weisberg, 2002:389). Smit and de Cronje (2003:88) state that supporting employees by allowing them to pursue further education will make them more valuable to the organization and more fulfilled professionally. According to Nel, *et al.* (2004:330), continuous training as the phase of the staff development program is aimed at assisting the employee to keep up to date with the current issues in broad administration, increasing employee knowledge and competence. According to Falkenburg and Schyns (2007:711), management will support the individual staff member's to continue training, as well as providing an impetus for training activities in work place which may minimize staff turnover. According to George and Jones (2002:123), there are several methods which may be used to provide and maintain continuous training among staff members:

- The use of small activities in which the staff members of a section share interesting topics of mutual interest with staff members of other section. This may inspire some workers to further their educational training and may encourage others to read relevant literature and to extend their knowledge.
- Organizations usually support individual programs for continuous training, such as degree courses at universities relevant to the worker's job.
- In addition, the executive management also supports attendance to workshops, seminars, conferences and symposia in order to develop staff members and to decrease staff turnover.

An organization should provide workshops, software, or other tools to help employees increase their understanding of themselves and what they want from their careers and enhance their goal-setting efforts. It is important to provide employees with adequate job challenges that will expand their knowledge in their field. Employees are more likely to stay engaged in their jobs and committed to an organization that makes investments in them and their career development (Van Tiem, 2003:69). According to Booth and Hamer (2007:296), in-service training is the training of an employee while he/she is doing his/her job or rendering a service to clients in an organization. It implies updating, training, educating and informing the person about the present requirements of the job. In-service training programs are usually directed towards bringing employees up to date about new equipment the optimal use of supplies and new institutional policy decisions. According to Mellish and Lock (1992) cited in Booyens (2000:385), in-service training is given to people while they are employed. It is planned deliberately, is designed to fill in learning or to remedy deficiencies on the skills and knowledge of employees.

2.2.11. Poor employee orientation as a cause of staff turnover

According to Booyens (2000:56), orientation is the personalized training of the individual employee so that he/she becomes acquainted with the requirements of the job itself. The aim of the orientation is to be effective and show productive work performance by the new employee. The orientation process aims at reducing anxiety, creating a positive attitude towards the employer and assist in creating realistic work expectations. Orientation process is normally the responsibility of the human resources department. All categories of new employees are subjected to the same program which is conducted during the first few days of an employee's orientation program (Habeck, *et al.*, 2000:133). Park (2003:121) asserts that one of the sources of voluntary turnover is the poor orientation and socialization that is given to new employees. An orientation process helps new employees to formulate realistic, reasonable and accurate expectations of their new responsibilities and performance requirements. Page (2001:79) further asserts that an orientation process also facilitates the employee's social integration in the organization. If the orientation process is not properly conducted at the beginning of employment, it can lead to employee turnover intention and eventually to the employee leaving his/her work.

2.2.12. Work content as the cause of staff turnover

According to Nel, *et al.* (2004:390), work content refers to the amount of work which is performed by the employee at any given time. Mouton (2001:64) states that quantitative overload involves having too much work to do in the time available and has been associated with stress related ailments such as coronary heart disease and finally staff turnover. Qualitative overload involves work that is too difficult (Page, 2001:80). In the context of voluntary staff turnover, when the employee relates the work load with pay and benefits which may be perceived to be lower than the amount of work performed, work overload may then incite staff turnover intention (George and Jones, 2002:108). According to Habeck, *et al.* (2000:135), work content at the organization is divided among the team and each team consists of team leaders and team members. Team leaders give each team member a quota to work on. According to Smit and de Cronje (2003:93), if a job is complex or boring, is physically demanding and tiring and does not promote something valued by the worker, the employee becomes discontented and may eventually leave the job.

Job design provides for the specification of the tasks that constitute a job for an individual or group. Job design defines the way work will be performed and the tasks that will be required in a given job (Grobler, *et al.*, 2002:215). According to Heizer and Render (2006:386), four job characteristics model for the motivation of employees through the design of work are:

- Skill Variety, requiring the employee to use a variety of skills and talents;

- Job identity, allowing the employee to perceive the job as a whole from start to finish;
- Autonomy, offering freedom, independence and direction; and
- Feedback, providing clear, timely information about performance.

These core job dimensions determine whether the employee experiences meaningfulness of the work performed and responsibility for the outcomes of the work and knowledge of the actual results of the work activities. If these psychological states are fulfilled, the employee will experience motivation, job satisfaction, improved productivity and work effectiveness (Bittel and Newstrom, 2002:75). Tasks and roles in job profiles are outlined by key performance areas. The job profiles are a challenge because employees of different categories in the organization have identified that there is an overlap of key performance areas.

According to Harrison and Kessels (2004:147), employees leave the organization because of tasks and role that puts physical strain and exertion on them or may be due to roles and tasks that are not well clarified.

2.2.13. Social relations as the cause of staff turnover

Ichniowski (2004:04) asserts that opportunities for social contacts are highly important elements of working conditions. Social contacts refers to the supporting functions that an employee gets from colleagues, managers or subordinates which can be a buffer between stress and health. Interpersonal relations refer to personal and working interactions between the employee and other people he/she works with. These include cooperation, teamwork and sharing of common goals. According to Mullins (2001:394), unhealthy social relationship between employees in the organization will lead to employee absenteeism and eventually to staff turnover. Hopkins (2005:21) contends that fulfilling social needs by managers in the work environment improves employee performance. Social need is a desire to belong, to be accepted by others and to experience love, affection and friendship. If the employee has feelings of not being accepted within the social set up, he/she may be tempted to leave the organization.

Research conducted by Del Val and Fuetntes (2003:92) showed that employees felt that they were part of the organization when their fellow group members shared a sense of communal involvement and developed a professional friendship.

2.2.14. Poor Employee Assistance Program (EAP) as the Cause of staff turnover

According to Russell and Bvuma (2001:49), in every organization there are managers who manage the day to day running of the business. But do managers ever know the problems and grievances of the staff and the way they feel if they only talk to them or when they follow up on duties assigned to staff members? The managers only see the employees whose performance is declining but sometimes they do not realize that the performance is affected by social problems or they do not care as long as the cause is not work related. If employees feel that the organization does not help them when they have social problems like financial assistance or counseling they may leave the organization (Erasmus, *et al.*, 2003:487).

The introduction of EAP in organizations is of vital importance whereby troubled employees could get in-house assistance in order to be able to cope with problems that have a negative impact on their performance that may affect service delivery. EAP is a health management intervention which at first was linked to alcohol abuse, but it now covers a variety of other psychosocial problems. Therapy, rehabilitation and counseling are offered to all affected employees including any other personal problems that bring about stress and depression to employees (Ichniowski, 2004:132). Russell and Bvuma (2001:55) state that organizations that take care of their employee become productive compared to those who do not care because they do not experience a high staff turnover rate. Mullins (2001:108) states that mentoring in the work place is a necessity, to assist employees with their social problems. These problems range from divorce proceedings or losing their loved ones, alcohol addiction and dealing with terminal diseases like aids and cancer. Depression caused by divorce, illness and death of a family member can be so acute that an employee dies (Carrel, *et al.*, 2000:492).

2.2.15. Lack of staff involvement cause staff turnover

Erasmus, *et al.* (2003:324), states that lack of staff involvement may be one of the causes of staff turnover. If staff members are involved in any changes or decisions that directly affect employees, it is seldom that they will be against the changes and decisions. By not involving them and not including their inputs they feel betrayed. Normally when they are told about a change which might affect their jobs or the way they are used to doing their work; without having been involved beforehand then they are likely to resist (Hopkins, 2005:25). Harisson and Kessels (2004:25) state that one of the human resource functions is to produce an added value by producing and implementing policies that could harmonize pay conditions to the re-engagement and redeployment of people and to the team building and multiskilling environment. It is not everybody who is in management can foresee problems and able to solve them on a day to day running of the organization. Mathis and Jackson (2007:118) reviewed a number of theories related to staff involvement and why organization that involve staff are more effective than organizations with vertical structures. Ichniowski (2004:133) divides these theories into basic groups, namely:

- Those that focus on the effort and motivation of workers and work group suggest that people work harder.
- Those that focus on changes in the structure of organizations are more likely to stay as it produces improvements in efficiency.

Mullins (2001:538) states that empowerment does appear to have a radical effect on the way people work. Grobler, *et al.* (2002:342) describes an improved job satisfaction and the changing attitude of staff arising from the introduction of empowerment. No organization can perform at its best unless each employee is committed to the corporate objectives and works as an effective team member.

2.3. Types of Turnover

Though there are many causes for staff turnover in an organization, all of them have not negative impact on the well-functioning of an organization. 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. (Stephen, 1998, pp 228)

Functional turnovers are the resignation of substandard performers and dysfunctional turnovers are refers to the exit of effective performers. (Loquercio, et al2006, pp 2). 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. Therefore, management should give special attention to avoidable turnover over which it has control and improves the situation and then staffs retention.

2.4. Voluntary Turnover Decision Process

It is believed by literatures that employees make decision for resignation after making some analysis and there is a very wide variety of possible explanations for their voluntary resignations. People become dissatisfied with their jobs for a range of reasons; as explained by Stephen, employees may become bored with the content of job, frustrated by lack of promotion, fed up with their supervisors or

irritated by changes in their working environment. In some cases the job may simply fall short of their expectations at the time of appointment. However, Stephen also suggests that, such phenomena are only half the story in most cases, for a resignation to occur, the individual concerned must first perceive that there are better opportunities elsewhere and then secure another position. The following ten steps are the decision process for the voluntary turnover. (Stephen, 1998, pp. 236-237)

- i. Evaluate existing job,
- ii. Experience job dissatisfaction,
- iii. Think of quitting,
- iv. Evaluate expected utility of search for a new job and the cost of quitting,
- v. Decide to search for alternatives,
- vi. Search for alternatives,
- vii. Evaluate alternatives
- viii. Compare best alternative with present job
- ix. Decide whether to stay or quit
- x. Quit

It is therefore important, when assessing the reasons for turnover and devising remedial plans, to take account not just of employee dissatisfaction, but also of the possible alternatives open to employees, as well as the relative ease with which any such opportunities can be taken up.

2.5. Effects of Staffs Turnover

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 Hom and Girffeth (1995:27-30) 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. (Stephen 1998, pp. 230-231)

High turnover is probably least worrying in industries employing people in relatively low- skilled occupations that nevertheless required high levels of customer service (eg fast- food restaurants). As cited by Taylor, (Kearns 1994:11), this is because the employer wishes to tie together what is, in all likelihood, a short term burst of enthusiasm on the part of the employee. Such a situation has allowed the various brands of burger restaurant to expand rapidly across the world while coping with annual turnover rates averaging 300 per cent (Ritzer 1996:pp130). Despite these points, it is safe to conclude that, for most organizations, turnover in excess of 5-10 per cent has more negative than positive consequences. The more valuable the employees in question, the more damaging the resignation, particularly when they move on to work for a competitor. According to Hom and Griffeth (1995:13- 27), as cited by Stephen, there are various reasons, aside from the costs directly associated with the resignation, for employers to minimize the numbers of employees leaving.

These include productivity losses, impaired quality of service, lost business opportunities, an increased administrative burden and employee demoralization.(Ibid ,pp. 231). However, it is the direct costs associated with turnovers that have received the most attention from writers on this topic, and organizations strive to reduce the frequency of voluntary resignations from such point of view.

One of the most important questions relating to staffs turnover is at what point does turnover become excessive. For CIPD (2006) there is no such thing as universally applicable target for an ideal turnover rate. According to CIPD :(CIPD, Employee Turnover and Retention, <http://www.cipd.co.uk/surveys>

Where it is relatively easy to find and train new employees quickly and at relatively little cost (i.e. where the labor market is loose), it is possible to sustain high quality levels of service provision despite having a high turnover rate. By contrast, where skills are relatively scarce, where recruitment is costly or where it takes several weeks to fill a vacancy, turnover is likely to be problematic from a management point of view. This is especially true of situations in

which you are losing staffs to direct competitors or where customers have developed relationships with individual employees as is the case in many professional services organizations.

Singh et al explained that staff turnover is inevitable and is bound to exist in all industrial units even in those organizations where salary and working conditions are extremely attractive and satisfactory. However high staffs turnover is a serious problem and therefore should be treated carefully. High staffs turnover adversely affect both employer and employees. The following are some of the effects of high staffs turnover on employers and employees incorporating material from a variety of sources. It is clear that some are more readily quantifiable than others.

2.5.1. Effects on Employers

- ❖ Direct recruitment costs (advertising, use of agents etc.)
- ❖ Recruitment administration (responding to enquiries and sending out application forms, equal opportunities monitoring)
- ❖ Selection costs (traveling expenses for candidates, psychometric testing, staffs
- ❖ Time in interviewing or running assessment centers, checking references)
- ❖ Development costs (training the new employee using formal and informal development methods, induction training)
- ❖ Administrative costs associated with resignations (pay-roll arrangements, calculation of holiday entitlements, pension transfers, conducting exit interviews)
- ❖ Administrative cost associated with new starters (contract writing, medicals, sending out documentation, issuing uniforms, parking permits, identity badges, company cars etc, relocation expenses for new starter)
- ❖ Inefficiency in production or service provision (resulting from slackness on the part of the resigned, inexperience of the replacement employee and inefficiencies resulting from a period in which the vacancy is unfilled) (Singh BP, et al, 1994, Dhanpat

Rai and Sons, pp. 346-348, Wiltshire, 1998, pp. 231-232)

- ❖ Overtime and costs of hiring temporary workers (during the period between resignation and the hiring of a new member of staffs).
- ❖ The team spirit among the workers is distributed due to high staffs turnover as newly recruited very often.
- ❖ The market reputation of the employer is adversely affected due to high staffs turnover. May not be able to meet customer orders and expectations on timely manner.

Although not all of the above cost implications will apply in any one case of voluntary resignation, several are likely to feature in some way. Each element will not in itself necessarily result in a great deal of expenditure, but it is the cumulative effect that gives the business case for attacking turnover its potency.

Estimates of the actual cost of turnover vary considerably depending on which of the factors listed above are included in the calculation. The level of the final figure also varies with the nature and content of the job under consideration. Ball-park figures are thus of only limited use to personnel specialists seeking to compare the performance of their organizations with others. However, they do give a useful indication of the potential scale of cost implications associated with high turnover.

2.5.2. Effects on Workers

- ❖ Due to shifting of employment, a worker has to sacrifice the benefits of his previous service. Such benefits include pension, provident fund, yearly increment, leave and so on. All benefits go once workers give up his stable job.
- ❖ A worker develops special skills and ability due to long and continuous service in industry. This skill is his personal assets. However, it may become meaningless if the worker leaves the present job and joins a new one.
- ❖ The worker may not be able to adjust on a new job in a new organization. This put tremendous mental pressure on him.

- ❖ A worker who changes his job quite often may be looked upon by others including employers with suspicion.
- ❖ The work environment changes when a worker shifts from one unit to another. He may find it difficult to adjust to a new environment.

2.6. Methods of Identifying Reasons for Staffs Turnover

Since turnover involves the most important resource of an organization, it needs to be examined and monitored. Organizations need to know who is leaving, why they are leaving, and whether any effort on their part can slow turnover.

Several different methods are available to researchers seeking to investigate why employees choose to leave. Here we consider four contrasting approaches: exit interviews, survey of ex-employees, attitude surveys, and quantitative approaches. (Wiltshire, 1998, pp. 236-238)

2.6.1. Exit Interview

Undertaking formal interviews with employees before they leave the organization is a common method used to develop an understanding of their motivation for resigning. The most straightforward approach is to take the resigned through a questionnaire of direct questions concerning his/her satisfaction with pay, supervisor, development opportunities, relationships with colleagues and job content. There are, however, a number of problems with such approaches that can serve to reduce their effectiveness. First, there is the tendency of employees to develop a far more optimistic outlook after they have secured a new job and resigned. Their original reasons for seeking alternative employment offer get forgotten as they move toward their last day. Such feelings are compounded if counter-offers are made to encourage them to stay and may disappear completely in the last days as cards are signed, leaving presents bought, affectionate speeches given and farewell parties held. This is often not, therefore, the best time to ask them for an honest and well-balanced assessment of their reasons for quitting. (Wiltshire, 1998, pp. 231-232).

A further problem arises when supervisors or department heads undertake exit interviews, because leavers will often balk at implying any criticism of them-particularly if they believe that they will require positive references in the future. The reason given for

leaving may thus obscure the whole truth or may even be entirely false. It is far easier to say that you are leaving because you were offered more money elsewhere or because your spouse is moving, than to state openly that you disapprove of your new manager's style or feel that you have been treated unfairly in some way. According to ACAS, employees often simply quote some small incident which proved the last straw as a means of avoiding the admission of deeper or less tangible factors. (ACAS 2005, Controlling Labor Turnover, 2007, pp. 07).

It can thus be argued that exit interviews, if used at all, should be undertaken very soon after the resignation has been confirmed, and that they should be carried out by an individual who will not have any role in writing future job references. A personnel officer is very well placed to carry out such work. According to Carrell et al (1995:770), as cited by Taylor, another way of encouraging candour is to explain to the leaver that the aim of interview is to gather information for improving work conditions. In other words, the individual should be asked directly for his or her opinion on how things can be improved and only indirectly about any personal reasons for resigning.

In general, it is necessary to note that leaving employees may not be interested to give the true cause of their resignation if they think that their supervisor is responsible to give future reference, or if the employee might want to be reemployed at the future date. Therefore, both these scholars suggest that leaving employees should be interviewed or required to fill exit questionnaire with one or the combination of the following methods:

- The exit interviewer should not be a manager who has had responsibility for the individual and who will not be involved in future reference writing.
- The cause may be investigated by asking fellow employees with whom the person leaving could be more frank (Singh 1995, pp. 346-348).
- To give employees a questionnaire as they are exiting and ask them to complete and mail it back after some time (Ivancevich and Glueck 1989, pp. 876).
- To contract an independent survey company to conduct telephone exit interview with each departing employee (Loquercio 2006).

2.6.2. Surveys of Ex-employees

Another way of collecting information about the reason for staff resignation is to contact former

employees some months after they left the organization and ask them for a considered view of their reasons for resignation. While the use of this method is relatively rare, as cited by Stephen Taylor, there have been a number of cases covered recently in the personnel journals that indicate some large organizations are experimenting with it. Candor is further encouraged if the surveys are carried out by independent bodies and are clearly labeled “private and confidential”. (Wiltshire, 1998, pp. 236-238)

2.6.3. Attitude Surveys

A third approach is to seek the views of employees before they leave and so provide a basis for the development of policies and practices that will deter them from so doing. These too are truly effective only if confidential-so as to maximize the chance of employees’ stating honestly how they feel about their jobs, their perceived opportunities, their bosses, colleagues and the organization as a whole. Questions can also be asked about their current intentions as regards the future and about their perception of alternative career paths open to them. Such approaches enable employers to anticipate in which areas future turnover is most likely to occur, and to gain an insight into the main causes. (Ibid)

2.6.4. Quantitative Approaches

An alternative method to the use of surveys is to make use of the employee records to compare the data or characteristics of those who leave with those who stay. Although quantitative approaches are unlikely in themselves to give a particularly clear picture of reasons for turnover, they may reveal some interesting general trends and can usefully supplement information gathered using the three other methods outlined above.

Any number of ratios can be investigated using quantitative analyses. Examples might include comparing leavers with stayers in terms of their ages, the distance they travel to work, their shift-patterns, pay levels, performance record or length of service. It is also possible to use these techniques to identify the extent to which turnover varies with the type of job undertaken or with the supervision of different managers. As with all quantitative analyses, the data is really useful only when there are large sample sizes available. Such approaches are thus inappropriate for smaller organizations. (Ibid)

2.7. UNDERSTANDING EMPLOYEE REASONS FOR LEAVING

Luthans (2002: pp. 425) state that it is unrealistic to think that good people can be trapped. So, when people do leave it is important to know why and adjust hiring profiles, policies and practices within the company to address the concerns. A structured exit interview program can play an integral role in employee retention.

It is worthy to note that it is important to learn from the information gleaned in these interviews. By not paying attention to the results, staff turnover will continue for the same reasons. Human resource managers are an objective resource encourages employees to act more openly and honestly with their answers. It also assists in the collation, reporting and analysis of interview results more efficiently than manual efforts (Hope, 2003, pp. 116). The information collected from these interviews is excellent for developing and adjusting job profiles and refining the position for the next candidate further improving the chances of retention. As managers create company's exit interview questionnaire, it is important to strike the right balance between the need for information and survey length.

According to Booth and Hamer (2007: pp. 305), there are five key guidelines that should be kept in mind to ensure that the end result is useful in an effective survey:

- Do not focus solely on the employee's reasons for leaving but also on the employee's attitudes and experiences that identify the issues and concerns which may not surface when asking about reasons for leaving.
- Ensure that there is more than one way for employees to express their reasons for leaving including several open-ended questions for them to include their own comments to get a full perspective on their decision to leave.
- Incorporate key behavioral measures such as the employee's satisfaction with the job itself, how well the employee's job responsibilities were defined, perceived opportunities for advancement and the employee's perspective on the amount of training, feedback and recognition received.
- Recognize that exit interview practices need to be implemented consistently and in such a way that encourage employees to share their opinions honestly.
- Incorporate the ability to examine results not only on the basis of individual results but for the organization as a whole (Booth and Hamer, 2007, pp. 301).

Implementing regular employee surveys allow employers to take the perception of employees and gauge a company's culture and mood. The results will allow organizational leaders to anticipate issues in advance of staff turnover intentions. Collecting survey data and understanding concerns is only the first step.

Managers need to craft and implement policies that meet employee concerns head-on (Del Val and Fuentes, 2003, pp. 147).

2.8. Empirical literature review

Research also indicates that HR practices such as pay, benefits and training are negatively related to turnover because they motivate employees and "lock" them to their jobs (Lazear 1986; Madrian, 1994; Gruber & Madrian, 1994). Training can define roles more clearly to employees, thereby reducing job stress. Organizations with substantial training opportunities should thus have lower involuntary turnover rates. The foregoing shows that HR practices seem to be negatively associated with voluntary turnover which forms the basis for the first hypothesis:

Empirical studies such as those conducted by Shaw et al. (1998) indicate that involuntary turnover is affected by staffing practices (recruitment and selection process) and employee monitoring (performance appraisal). Similarly, Schmidt and Hunter (1983) argue that the attention organizations pay their employee selection affects the quality of those recruited. This is reflected in the staffing process – the selection ratio (that is how selective the organization can be) and the validity of the selection process. Using valid selection procedures is likely to result in to better-informed recruitment and selection decisions leading to lower involuntary turnover. Huselid (1995) showed that selective staffing practices are related to total turnover.

In the case of monitoring employee performance, the use of performance appraisal is a way organizations keep track of the contributions of each employee (Murphy & Cleveland, 1991). This enables the organization to terminate an employee when his/her contribution is less than desirable. In sum, organizations with effective performance appraisal systems are likely to be able to track down and terminate poor performers. Thus, effective processes of employee selection coupled with performance-based pay system are likely to enable managers to reduce involuntary turnover.

According to research done by Vuyisile Mabindisa, 1998, Durban University of technology Staff turnover is caused by lack of opportunities for career development, remuneration and working condition. Staff turnover if not taken into consideration will damage the image of the organization, where customers will lose trust in the organization.

Staff retention is of interest to employers because of the implications of high staff turnover. Dibble (1999) argues that retention of employees needs to be managed and identifies remuneration, development, career opportunity, work environment, performance management and work ,family and flex time as areas that have an effect on retention of employees. Studies have identified an array of factors that influence

employee retention. Gaiduk *et al* (2009) observed that previous studies have found that employee intentions to remain with an organization are influenced by three major groups of variable which are: employee personal characteristics such as gender, age, position level; the nature of an employee's current job; and adequate working arrangements including such aspects as the quality of current supervision, opportunities for promotion, available training, and quality of communication within the organization.

In a study of retention of employees in Australian Organizations, Chew (2004) established that younger employees focused on remuneration, training and development, career advancement, challenging work, growth opportunities and recognition. For older employees autonomy, opportunities to mentor and job challenge were of great importance. A study of 139 academics from Jordanian University (Al- Omari *et al*, 2009) established that job satisfaction and organizational commitment had a significant positive effect on intention to stay among the academic staff. A study by Daly *et al* (2006) on turnover intention of academics in public urban universities, established that structural factors such as faculty work environment, autonomy, communication, distributive justice and workload were related to intent to stay. A study of academics in Makerere University, (Amutuhaire, 2010) established that remuneration and tenure influenced their retention. Locally, Kipkebut (2010) in a study on organizational commitment and job satisfaction of employees in universities in Kenya established that role conflict, promotional opportunities, age were some of the factors that influenced employee intention to quit the university. These findings reflect a mixture of intrinsic and extrinsic factors.

According to the research done by Vuyisile Mabindisa, 2013 Durban University the reasons for employee turnover in public sector are prevalence of low salary and benefit, lack of recognition by the top management, work load, over time work and lack of training. To minimize high employee turnover Top management should ensure that a reasonable salary is paid to employees in the organization, should provide a benefit that will attract the best employees to remain in the organization in order to improve service delivery and should also appreciate employee's input in the organization when they meet organizational goals.

According to research done by Asmamaw Argeta, 2011 on MoFED the most reasons for employees to leave the organization are lack of commitment of the management to provide everything that employees need for work, financial issues are not attractive, lack of consideration of performance level to promote an employee, lack of participation of employees in decision making. As a result of the above mentioned reasons as employee's qualification increases their chance of staying will decrease.

Conceptual Frame Work

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research design

The research design employed in this study is both quantitative and qualitative research design. The study involves survey of different document and questionnaire (close ended) and an interview with management and HRD department have used. Employees turnover was assessed and quantified by using 5-point likert scale method, and variables job satisfaction (with (pay, nature of work, supervision), organizational commitment, existing job hopping, and perceived employment opportunities and turnover intention are explained.

3.2. Source of data

Both primary and secondary data was used in this study. The primary data was collected from employees that are currently working in the organization, employees that leave the organization at different time in the past and management staffs of the organization. The secondary data was collected from journals, documents from human resource department and exit interview.

3.3. Method of data collection

Primary datas' were collected through questionnaires prepared by using lickert scale and interviews are prepared for collecting data from managements and HRD of the organization. The secondary data were collected from journals and printed documents from HRD.

3.4. Research type

The quantitative method was used in this study so that relevant and accurate information could be obtained. A standard structured questionnaire was administered to all the target respondents in order to determine the causes and impacts of employee turnover in ERCA Jimma branch.

3.5. Sampling methods

In order to make the research more reliable the research was done by using census to accomplish the research's objectives.

3.6. Sample size

Because the target population was only 184, the researcher felt that there was no need to select a sample. Therefore, the census method was used to administer the questionnaires to all 172 employees at ERCA Jimma Branch and 12 terminated employees.

3.7. Method of analysis

The data was first collected and coded in order to make easy for further analysis. The coded data was captured on computer and the captured data was analyzed using different statistical methods by the means of Statistical Package for the Social Science (SPSS) version 20 for windows.

3.8. Types of Data, and Collection Methods

For this study, the researcher used both primary and secondary data. Primary data was collected through structured questionnaires focusing on questions referring to demography, causes of employee turnover, the impacts of the turnover on the authority and the existing employees and possible ways to reduce turnover. Data was also collected by observing workplace settings, working conditions, and patterns influenced by internal environmental factors.

3.9. Statistical Analysis and Tool

In each questionnaire, Likert-type scales was developed by utilizing the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. The respondent indicated his/her agreement or disagreement with each statement in the instrument.

The overall score represents the respondent's position on the continuum of favorable/unfavorable towards an issue. In a Likert scale, a respondent was asked to respond to each of the statements in terms of several degrees, usually five degrees of agreement or disagreement. Respondents responded in any one of the following ways: (i) strongly agree, (ii) agree, (iii)

neutral, (iv) disagree and (v) strongly disagree. The procedure followed for developing a Likert-type scale is as follows:

- (i) As a first step, the researcher collected a large number of statements which are relevant to the issue being studied and each of the statements expresses definite favorableness or unfavorableness to a particular point of view.
- (ii) After the statements have been gathered, a pilot survey was administered to a number of subjects.
- (iii) The response to various statements was scored in such a way that a response indicative of the most favorable attitude was given the highest score of 5 and that with the most unfavorable attitude was given the lowest score, say, of 1.
- (iv) Then the total score of each respondent was obtained by adding his scores that he/she received for separate statements.

In order to carry out inferential analysis, a number of tools were employed. The statistical methods that were used under this study include frequencies, descriptive statistics and bivariate correlation analysis (two-tiled).

- i. Frequencies were used to determine the number and percentage of background information about employees.
- ii. Bivariate Correlation Analysis (two-tiled) was used; the Pearson correlation coefficient was carried out to determine the extent to which values of two variables (each identified causes of turnover Vs. turnover, overall turnover Vs. organizational effectiveness and turnover Vs. employee performance) are related. In this case, it was used to assess the association between causes of turnover, turnover, organizational effectiveness and employee performance.

Reliability test

In order to test the internal consistence of the questions prepared in questionnaire crosbach alpha was applied.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The main aim of this study is to identify the main causes of employee turnover and the impacts of turnover on organizational effectiveness and employee performance that prevails in ERCA Jimma branch. To show this the researcher followed a various steps such us data collection, coding, feeding the data in to SPSS 20, analyzing using different statistical approaches such as frequency, descriptive statistics, reliability test and correlation test and the significances.

The primary data was collected through distribution of questionnaire to the current and ex-employees. The response rate was out of 172 employees currently working in the organization 165 had taken the questionnaire but only 140 employees has responded which accounts 81.5% of the population, whereas out of 12 ex-employees only 10 ex-employees had responded the questionnaire which accounts for 83% of the population. The average response rate was 82.5%.

The data presentation and analysis part of this study consists of 6 main and broad parts, i.e. part one discusses about the existence of turnover through secondary data which was collected from the HRD of ERCA Jimma branch and the interview made with the management staffs of the organization, part two is a part where the responses of the ex-employees of ERCA Jimma branch is discussed on the issue of what made them to leave the organization, part three consists of the discussion of the demographic data of the employees currently working in the organization, part four consists of the descriptive analysis of the responses of the currently working employees, part five consists of the reliability test of the questions asked to identify the causes of turnover and its impacts and the last part deals with the correlation test of the relationship between turnover and its causes, turnover and organizational effectiveness and employee performance.

3.10. Trends of turnover ERCA Jimma Branch

The following table shows that the trend of employee turnover have been increasing since the year 2002 E.C. the increment is growing faster.

Table 1: Trend of employee turnover

Year	Number of terminated employees
2002 E.C	3
2003 E.C	3
2004 E.C	5
2005 E.C	10
2006 E.C	12
Up to April 2007 E.C	20

Source: ERCA, HRD Jimma Branch, 2007

3.10.1. View of Management and Employees on Turnover at ERCA Jimma Branch

The following result shows interview made with human resource department head of ERCA Jimma branch on the issues of related to causes and costs of turnover and what retention mechanisms are made. The reason why these questions were raised is that of management has no awareness about employees turnover, causes and retention mechanisms to give awareness to tackle the problems.

3.10.1.1. Reasons for Turnover of Employees

According to the information given from the management and human resource department of the organization they both are aware of intensive turnover of professional employees. According to HRD (Human Resource Department) the employee turnover made for the organization difficult achieve its mission as per plan. The view of the HRD is currently the organization is losing its employees due to the availability of alternative and better jobs in the market, also the employees

was recruited through their CGPA which is greater than 2.75 the employees are more competitive and wanted by the other governmental and non-governmental organizations such as Commercial Bank, Ethiopian Telecommunication, Ethiopian Airlines, other privately owned Banks and NGO's. Those organizations pay more salary and give them better allowances and fringe benefits. According to the HRD and management staffs the reason the employees put when they leave the organization via the exit interview is another reasons rather than mentioning that they got a better job elsewhere in order to get a good resignation letter and recommendation.

Apart from the salary and benefits the employees leave the organization due to the weather condition and lack of facilities that can mitigate the weather condition and hardship especially from Gambella and Assosa branches. In addition to the above reasons the HRD is aware of another reason making employees to leave is the riskiness of the job. According to the HRD the job that majority of the employees do confronts them directly to the illegal actors like contrabandists, tax fraud and illegal traders which makes employees to fear because the organization have no security protection programs or facilities.

Apart from problems stated above, HRD and management stated that there are no difficulties with working environments, supervisor employee relation are smooth, existence of equal opportunities for promotion, career development, impartial grievance handling mechanisms and others job assignment of the organization is based on performance status and skill that they have.

3.10.1.2. Costs and Retention Mechanisms of Turnover at ERCA

The management and HRD believe that the open vacant places created due to employee turnover must be filled. But to do so the organization will have incurred different costs such as the advertisement cost through newspapers, the cost of recruitment and interview, cost of training. The management and HRD also believe that the cost also include time for each process done to hire new employee.

With regard to the retention mechanisms according to HRD and management staffs the benefit and salary improvement are under consideration, but the study is being done in the head office level so that they are hoping that the salary and benefit package will get a solution in soon.

According to management and HRD of ERCA, the organization is trying to maintain stable work force through informing the exact working environment such as the working place and its distance, the benefits they will get, the hardship they may face and the weather condition of the working areas.

3.11. View of Ex-Employees of ERCA

The result from few ex-employees of ERCA Jimma branch shows that they left the organization due to many and different reasons but most of them said because of better job alternative they got which have a better salary and benefit package when compared to ERCA such as Ethiopian Commercial Bank, Ethiopian Airlines, Ethiopian Telecommunication, privately owned banks and insurances and different NGO's

3.11.1. Demographic Information of the Ex-employees

Table 2: Demographic Information of the Ex-employees

		Frequency	Percentage	Valid Percentage	Cumulative percentage
Age	18-25	10	100%	100%	100%
Sex	Male	6	60%	60%	60%
	Female	4	40%	40%	100%
	Total	10	100%	100%	
Experience	1-5	10	100%	100%	100%
Qualification	BA/BSC	10	100%	100%	100%

Source: questionnaire

According to the data collected from the ex-employees all the ex-employees or the employees that left the organization are aging in between 18-25 years. This shows that every terminated

employee was youngsters and energetic implying that there exists a positive relationship between age and turnover in ERCA. The younger age group is more likely to leave the organization.

As indicated in the above table 60% of the terminated employees were male and 40% were females showing that males are more likely exposed to turnover than females.

The above table shows that all the terminated employees have the lowest experience in the organization. From this it can be shown that all the terminated employees have served ERCA for less than 5 years. This shows that there is a negative relationship between turnover and employees experience in ERCA Jimma branch.

All the employees terminated have the qualification of BA/BSC which shows that ERCA have lost better qualified employees which can help the organization to achieve its predetermined goals and objectives. These employees were recruited through the long process of hiring and training in order to make them cope up with the rules and regulations of the organization and in order to make them contribute more to the success of the organization's goals and objectives.

3.11.2. Internal causes of employee turnover

Table 3: Internal causes of employee turnover

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Salary	-	-	2	20%	-	-	4	40%	4	40%	4.5
you didn't sense belongingness	-	-	-	-	-	-	5	50%	5	50%	4.5
supervisors are rigid	-	-	-	-	-	-	6	60%	4	40%	4.4
No promotion mechanism based on performance	-	-	-	-	-	-	5	50%	5	50%	4.5
Interpersonal relation between employees was poor	-	-	-	-	-	-	3	30%	7	70%	4.7
No good relationship between managers and employees	-	-	-	-	-	-	3	30%	7	70%	4.7
Working environment in ERCA was not attractive	-	-	-	-	-	-	4	40%	6	60%	4.6
No good training and development practice at ERCA	-	-	-	-	-	-	8	80%	2	20%	4.2
your job and qualification don't match	-	-	2	20%	-	-	3	30%	5	50%	4.1

As shown in the above table about 80% of the ex-employees agreed that the salary and incentives they used to get All of the respondents who are terminated from ERCA have agreed that the salary and incentive package that prevails in ERCA was unattractive that lead them o leaving the organization so that they would get a better salary and incentive from another organizations

rather than ERCA. This shows that there is a perfect positive relationship between salary and incentive package and employee turnover.

Around 80% of the respondents responded that they gained nothing while working in ERCA, while around 10% have stayed neutral whereas 10% of the respondents agreed that they gained something while working in ERCA.

All of terminated respondents responded that the reason for them to leave the organization was they never sense belongingness while working in ERCA.

All the respondents responded that there exists a rigidity of supervisors in ERCA that contributed to their intension to leave the organization.

All of the terminated respondents imply that the promotion mechanism is only based on experience rather than performance. Some respondents said that even if they worked hard there is no promotion with in less than two years.

In ERCA one of the causes of employee turnover is the lack of interpersonal relation between employees and between employees and managers. All the respondents agreed up on the non existence of interpersonal relation between employees and between employees and managers.

All the respondents agreed that the working environment was not conducive for employees to work effectively and efficiency. The environment including the offices is unattractive. There exists insufficient spaces for all employees to get their own place, office and utilities that help the employees perform their jobs.

All respondents agreed upon the lack of training and development for employees. Most of the respondents responded that the only training they got was thee induction training which was given to them when they become hired in the first place rather than that they didn't got any training and development opportunities that contributed for them to leave the organization.

Around 80% of the terminated respondents agreed that there was a qualification and job mismatch while they were working in the organization. Most of the employees having the qualification of business and economics field related are well exposed to the qualification and job mismatch problem that prevails in the organization. Around 20% disagreed on the existence of qualification and job mismatch while they were working in the organization.

The above table also shows that the mean of every items listed ranging between 4.1 up to 4.7. The existence of poor interpersonal relationship between employees and between employees and managers has the greater mean of 4.7 showing that these two factors have a great focus of ex-employees to leave the organization.

Low salary and incentive packages, lack of sense of belongingness and promotion mechanism in ERCA has a mean of 4.5, which means that employees are focused on these three factors next to the unfavorable working conditions in the organization which have the mean of 4.6. the lack of training and development program and the qualification and job mismatch has the lowest means compared to the others, but they also shows that the employees put focus on those two factors to decide in the organization or to leave the organization.

3.11.3. External factors for employee turnover in ERCA

Table 4: External factors for employee turnover in ERCA

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Riskiness of the Job	-	-	-	-	-	-	5	50%	5	50%	4.5
you got better job	-	-	-	-	-	-	5	50%	5	50%	4.5

All the respondents agreed that the job they used to do in ERCA was risky because most of the jobs confront the employee to the contrabandists, tax fraud and illegal traders. While working with this condition the employees were terrified for their life. Even if they want to do the job ERCA has no protection package for its employees working on risky places and risky positions.

All the respondents responded that the major reason for them to leave the organization was the availability of a better job in the market. All the terminated employees have a greater CGPA which makes them competitive and wanted by other high paying companies such as Commercial Bank of Ethiopia, Ethiopian Airlines, Ethiopian Telecommunications and different NGO's.

3.12. Demographic analysis of employees currently working in ERCA Jimma branch

Table 5: Demographic analysis of employees currently working in ERCA Jimma branch

		Frequency	Percentage	Valid Percentage	Cumulative percentage
Age	18-25	54	38.6%	38.6%	38.6
	26-35	77	55.0	55.0%	93.6%
	36-45	9	6.4%	6.4%	100.0%
	Total	140	100%	100%	
Sex	Male	100	71.4%	71.4%	71.4%
	Female	40	28.6%	28.6%	100%
	Total	140	100%	100%	
Experience	1-5	82	58.6%	58.6%	58.6%
	6-10	49	35%	35%	93.6%
	11-15	9	6.4%	6.4%	100%
	Total	140	100%	100%	

As shown in the above table 54 employees who account 38.6% of the respondents are at age of between 18-25 years whereas 77 employees which accounts 55% of the respondents are at the age of between 26-35 years the rest which is 9 employees which accounts of 6.4% are in the age between 36-45 years. The above data shows that more than half of the employees working in ERCA are young and energetic employees.

100 of the respondents are male consisting 71.4% of the total population and 40 of the respondents are females consisting of 28.6% of the total respondents. This shows that most of the employees are males.

According to the above table 82 of the respondent employees have an experience of less than 5 years consisting around 58.6% of the total respondents. 49 employees have the experience of greater than or equal to 6 years but less than or equal to 10 years, this accounts for 35% of the total respondents. Only 9 respondent employees have an experience of greater than or equal to 11 years but less than or equal to 15 years consisting of 6.4% of the total respondents.

3.13. Descriptive Analysis of responses of Employees currently Working in ERCA

3.13.1. Responses of employees on the existence employee turnover in the organization (N=140)

Table 6: Responses of employees on the existence employee turnover in the organization

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mea n
	F	%	F	%	F	%	F	%	F	%	
There are many employees that left the organization from your department	-	-	-	-	-	-	70	50%	70	50%	4.5
Your colleague or an employee you know has left the organization	-	-	-	-	28	20%	56	40%	56	40%	4.2
You have the intention of leaving the organization for better job	-	-	-	-	14	10%	56	40%	70	50%	4.4
You are in the organization until you get a better alternative job	-	-	14	10%	28	20%	56	40%	42	30%	3.9
You will leave the organization if you get an interesting job	-	-	-	-	28	20%	56	40%	56	40%	4.2
You know there exists a high turnover rate in the organization	-	-	-	-	-	-	70	50%	70	50%	4.5

All the employee respondents know that many employees have left the organization in their department and know there is a high employee turnover rate in the organization.

80% of the employee respondents' colleagues or an employee they know has left the organization before, while 20% of the respondents stayed neutral.

90% of the employee respondents have the intention of leaving the organization for a better job, while 10% remained neutral on the subject. 80% of the employees will leave the organization if they get an interesting alternative job, while 20% of the employees didn't decide on the subject.

70% of the employees are working in the organization until they get a better alternative job outside of the organization, while 10% of the employees are working in the organization not until they get a better job. 20% of the employees don't know whether they will leave the organization for a better job or not. Generally seeing most of the employees know the existence of high rate of employee turnover and have the intention of leaving the organization for a better job in the market.

The above table also shows that the mean of the six items ranges between 3.9 up to 4.5. The above six items have a greater focus of employees on the existence of high employee turnover rate in the organization.

3.13.2. Responses of employees on the Internal factors of employee turnover (N=140)

Table 7: Responses of employees on the Internal factors of employee turnover

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Non-satisfaction with salary	-	-	-	-	14	10%	42	30%	84	60%	4.50
No opportunity for career advancement	-	-	28	20%	-	-	28	20%	84	60%	4.20
Non-satisfaction working condition	-	-	14	10%	28	20%	56	40%	42	30%	3.90
Noninvolvement in decision making	-	-	28	20%	14	10%	42	30%	56	40%	3.90
Lack of training & assistance program	-	-	-	-	-	-	70	50%	70	50%	4.50
Non- appreciation of inputs of employee	-	-	-	-	14	10%	56	40%	70	50%	4.40
Work boredom	-	-	14	10%	42	30%	42	30%	42	30%	3.80
Dissatisfaction with the benefit package	-	-	-	-	14	10%	42	30%	84	60%	4.50
Job and employee Qualification mismatch	-	-	-	-	14	10%	56	40%	70	50%	4.40
Experience accounts more than efficiency on promotion	28	20%	-	-	42	30%	42	30%	28	20%	3.30
Terrifying rules and regulations	-	-	14	10%	14	10%	28	20%	84	60%	4.30
Unfair competition ground for education opportunity	-	-	14	10%	-	-	28	20%	98	70%	4.50

The above table shows the frequency and percentage distribution of agreement and disagreement on the internal Factors for employee turnover. 10% of the respondents' responded neutral, 90% respondents are not satisfied of the salary they are getting in the organization.

20% of the respondents disagreed on the non-existence of opportunity for career advancement, whereas 80% of the respondents agreed on the absence of the opportunity for career advancement.

10% of the respondents agreed on the on the existence of satisfactory working condition, 20% being neutral and 70% of the respondents agreed on the non- existence of satisfactory working conditions.

20% of the respondents disagreed on the nonparticipation of employees in decision making, 10% remain neutral and 70% agreed on the nonparticipation of employees on decision making process.

All the respondents agreed on the lack of employee training and assistance programs in the organization.

10% of the respondents responded neutral about whether the employee's are appreciated for their inputs whereas 90% of the respondents agreed on the absence of appreciation of employees' inputs.

10% of the respondents agreed that work boredom is not the reason why employees leave the organization, 30% of the respondents are neutral whether work boredom causes employee turnover or not and 60% of the respondents agreed that work boredom is one of the causes for employees to leave the organization.

10% of the respondents don't know whether employees are dissatisfied with the benefit and allowance package prevailing in the organization, where as 90% of the respondents are not satisfied with the benefit and allowance packages prevailing in the organization.

90% of the respondents agreed on the existence of job and employee qualification in the organization, whereas 10% of the respondents are being neutral of the existence of employee qualification and job mismatch in the organization.

20% of the respondents disagreed that experience accounts more than efficiency on promotion, while 30% of the respondents being neutral and 50% of the respondents agree on experience accounts more than efficiency on promotion.

10% of the respondents disagreed on the existence of terrifying rules and regulations while 10% of the respondents being neutral on the existence of terrifying rules and regulation and 80% of

the respondents agreed on the existence of terrifying rules and regulation concerning corruption in the organization.

90% of the respondents agreed on the existence of unfair competition ground for educational opportunities in the organization while the rest 10% or the respondents being neutral on the subject.

The above table also shows that the items having a greater mean from the internal causes of employee turnover have greater focus of employees for their staying in the organization. Even if the lowest mean is 3.30 which stands for the promotional criteria; unfair ground for educational opportunity, dissatisfaction on the benefits and allowance package, lack of training and assistance programs and dissatisfaction on the salary of the organization accounts a greater mean implying that the above four factors prevailing in ERCA have a much focus on the employees decision whether to stay or to leave the organization.

Internal causes of employee turnover combined have a mean of 50.20. Showing that most of the employees have agreed that the internal causes listed above have impact on employees whether to leave or stay in the organization.

3.13.3. Responses of employees on External factors of employee turnover (N=140)

Table 8: Responses of employees on External factors of employee turnover

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
The availability of high paying companies in the market	-	-	-	-	-	-	70	50%	70	50%	4.5
The weather condition is not favorable and no facilities	-	-	42	30%	28	20%	42	30%	28	20%	3.4
Remote place of work and lack of necessary facilities	-	-	-	-	14	10%	56	40%	70	50%	4.4
High risk generated from the job	-	-	-	-	14	10%	56	40%	70	50%	4.4

The above table shows the frequency and percentage on the agreement and disagreement on the issues raised regarding the external factors of employee turnover.

All of the respondents agreed on the availability of high paying companies in the market such as Commercial Bank of Ethiopia, Ethiopian Air lines, Ethiopian Tele Communication and other NGO's. The respondents believe that the existence of these companies will initiate employees of ERCA to leave the organization in search of high payment than ERCA.

30% and 20% of the respondents disagreed and be neutral on the existence of unfavorable weather condition in the different branches of ERCA Jimma branch. While 50% of the respondents agreed of the existence of unfavorable weather condition in the different branches of ERCA Jimma branch specially Gambella customs duty center and branches under it such as Lare, Methar and Gurbe customs control center; Assosa customs duty center and branches under it such as Kurmuk and Gizen custom control centers.

90% of the respondents have agreed on the remoteness of the place of work and lack of necessary facilities used to work and make conducive environment for work. Whereas 10% being neutral on the subject.

90% of the respondents face high risk from their job. The job most of the respondents do in the organization makes them different external risks such as confronting contrabandists, illegal traders and tax frauds. Employees are afraid of those risks that can lead them to leave the organization in search of less risk work and security. Only 10% remained neutral on the riskiness of the job they do in the organization.

The availability of high paying companies in the market has the greater mean from the rest of the items which is 4.50. Whereas the existence of unfavorable of weather condition consists of the lowest mean from the rest which is 3.40. The lack of facilities and the prevalence of high risks generated from the job have equal mean which is 4.40. The overall external factors of employee turnover combined have the mean of 16.70.

3.13.4. Responses of currently working employees on the impact of Employee turnover on Organizational Effectiveness (N=140)

Table 9: Responses of currently working employees on the impact of Employee turnover on Organizational Effectiveness

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Turnover causes wastage of resource	-	-	-	-	14	10%	42	30%	84	60%	4.5
Turnover causes reduction in work productivity	-	-	-	-	14	10%	56	40%	70	50%	4.4
Turnover causes decline in quality of service provision	-	-	-	-	14	10%	28	20%	98	70%	4.6
Turnover disrupts service delivery	-	-	-	-	-	-	70	50%	70	50%	4.6
Service provided will create a decline in satisfaction of customers	-	-	-	-	-	-	70	50%	70	50%	4.5

90% of the employee respondents agreed on the creation of wastage of resource due to high rate of employee turnover. The wastage includes cost of advertisement through newspaper and different Medias, cost and time of interview and training costs to make new staffs cope up with the rest of the employees. 10% stayed neutral on the creation of wastage of resource due to high rate of employee turnover.

90% agreed on the creation of work productivity reduction caused by high rate of employee turnover. The position and job that an employee used to work before leaving the organization will be open for certain amount of time until new staff is recruited and hired this gap creates a reduction in work productivity, whereas 10% remained neutral on the issue.

From the respondents 90% agreed on existence decline in quality of service provision created by high rate of employee turnover. Decline in the service provided can be created because of jobs used to be done by two different employees will be done by one employee due to turnover and until new staff is hired. 10% remained neutral on the issue.

All of the employee respondents agreed on the on the creation of disruption of service delivery due to high employee turnover rate. If the open position is not filled quickly with recruitment of new employee or the job is not given to another employee additional to his/her current job, service delivery disruption will be created. Due to the above reasons customers' dissatisfaction on the service provision will be created which is described by the 100% agreement on the issue.

Due to employee turnover wastage of resource will be caused when trying to fulfill the open vacant position created by the turnover has a mean of 4.50 and reduction in work productivity will be caused by employee turnover has the mean of 4.40. Both decline in the quality of service provision and disruption of service delivery have the same means which is 4.60. Lastly the decline in the customers satisfaction cause by the low quality provided due to employee turnover has the mean of 4.50. Impact of employee turnover on organizational effectiveness has the mean of 22.60.

3.13.5. Responses of the employees currently working in the organization on the impact of employee turnover on employee performance (N=140)

Table 10: Responses of the employees currently working in the organization on the impact of employee turnover on employee performance

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Turnover increase work load on current employees	-	-	-	-	-	-	70	50%	70	50%	4.50
Turnover increases work stress on current employees	-	-	-	-	-	-	70	50%	70	50%	4.50
Turnover makes the current employees to work overtime	84	60%	14	10%	28	20%	-	-	14	10%	1.90
Turnover breaks team work	-	-	-	-	-	-	70	50%	70	50%	4.50
Time of training spent by current employees	-	-	14	10%	-	-	42	30%	84	60%	4.40

All the employee respondents agreed on the creation of work load and work stress on currently working employees due to high rate of employee turnover. Two different job used to be done by two different employees will be done by one and the existing employee because of the other employee's turnover, due to this work load and work stress will be created on the existing employee.

All the respondents also agreed on the breaking up of team work in the organization due to high rate of employee turnover.

70% of the respondents disagreed on the creation of overtime work that employees will be obliged to do due to employee turnover. 20% remained neutral, whereas only 10% agreed on the creation of overtime work created due to high rate of employee turnover.

90% of the employee respondents agreed on the existence of spending more time on training newly recruited and hired employees rather than doing their own job, while 10% of the employee respondents disagreed on the issue.

The breaking of team work, creations of work load and work stress on the employees working in the organization due to high rate of employee turnover have the mean of 4.50 for each. Spending of too much time training new staff members due to high rate of employee turnover has the mean of 4.40 and the overtime work of employees currently working in the organization created because of high rate of employee turnover has the mean of 1.90.

3.13.6. Responses of the employees currently working in the organization on the retention mechanisms in ERCA

Table 11: Responses of the employees currently working in the organization on the retention mechanisms in ERCA

	SD(1)		D(2)		N(3)		A(4)		SA(5)		Mean
	F	%	F	%	F	%	F	%	F	%	
Work relationship between employees must be improved	-	-	14	10%	14	10%	50	50%	42	30%	4.00
Employees must be recognized when achieving goals	-	-	14	10%	42	30%	28	20%	56	40%	3.90
Salary must be increased to match with the market	-	-	14	10%	42	30%	14	10%	70	50%	4.00
Benefit and allowance package must be improved	-	-	-	-	42	30%	-	-	98	70%	4.40
Special treatment for employees in remote areas	-	-	-	-	28	20%	28	20%	84	60%	4.40
Fair competition ground for education opportunity	-	-	-	-	42	30%	56	40%	42	30%	4.00
Job and Employees' qualification must match	-	-	-	-	28	20%	14	10%	98	70%	4.50

80% of the employee respondents agreed on the improvement of work relationship in order to minimize the high rate of employee turnover, while 10% being neutral and 10% disagreed on the contribution of improvement in the work relationship between employees to minimize employee turnover rate.

60% of the employee respondents agreed on the contribution of recognizing employees when achieving goals help to minimize the high rate of employee turnover while 30% being neutral and 10% disagreed that recognizing employees will reduce the high rate of employee turnover.

Salary increment will reduce employee turnover as 60% of the respondents agreed. 30% have no idea and 10% disagreed on the contribution of salary increment on reduction of employee turnover.

70% of the employee respondents agreed on the contribution of improvement of benefit and allowance package on the reduction of the existing employee turnover while 30% remained neutral.

80% of the respondents agreed on the existence of special treatment for employees working in the remote places will help retaining them in the organization, while 20% remained neutral.

More of the employees agreed on the existence of fair competition ground for educational opportunities will help to retain the current employees in return will decrease employee turnover rate consisting of 70% of the respondents. This is because most of the employees' in ERCA are youngsters and need an education opportunity if the opportunity exists and fairly distributed between employees in the organization employees turnover will decrease, also when employees get the education opportunity that employee is obliged to serve the organization for additional for years. 30% remain neutral.

80% of the respondents agreed on the help of job and employees' qualification on the reduction of employee turnover. Because most of the employees graduated with business field but most of their job don't match with their qualification like the position of intelligence and crime investigators are recruited from the business related fields of study. 20% remained neutral.

If work relationship between employees is improved, if employees are paid reasonable salary and if there is a fair competition ground for education opportunity employee turnover rate will decrease. The above three recommendations have equal mean which is 4.00. Employees must be paid reasonable benefit and allowance and there must be special treatment for employees working in the remote places, both have the same mean which is 4.40. Job and employees qualification must match has the mean of 4.50 and employees must be recognized when achieving certain goals has the mean of 3.90. Generally all the retention methods combined have the mean of 29.20.

3.14. Reliability Analysis

In this section the reliability analysis of the questionnaire is discussed starting from the questionnaire about the availability of turnover up to the retention methods of the existing turnover in the organization.

The Cronbach alpha is a statistical test used to determine the internal consistency and reliability of the statements or statements used in a questionnaire. It is generally accepted that values greater than 0.7 are an indication of acceptable internal reliability (Saunders et al, 2003, p.310).

The table below shows the Cronsbach Alpha and common inter-item correlation of the six categories of the whole questionnaire regarding the causes and impacts of turnover in ERCA.

Reliability Statistics of all the categories

Table 12: Reliability Statistics of all the categories

Item	Cronbach's Alpha	Common Inter-Item correlation	N of Items
Existence of turnover	.890	.574	6
Internal causes of turnover	.814	.267	12
External causes of turnover	.770	.456	4
Impact of turnover on organizational effectiveness	.885	.607	5
Impact on employee performance	.788	.482	4
Retention methods of the existing turnover	.932	.663	7

In the first case when seeing to the cronsbach alpha of the existence of employee turnover in the organization is 0.89 which is higher than 0.70 showing the greater reliability of the category. As shown in the above table the cronbach's alpha of internal and external causes of employee

turnover in ERCA Jimma branch is 0.814 and 0.770 respectively which have the values of greater than 0.70 that shows their reliability is higher.

The consbach's alpha of the impacts of turnover is, the impact of turnover on organizational effectiveness has the cronsbach's alpha of 0.885 and the impact of turnover on employee performance in the organization is 0.788 which is also greater than 0.70 showing the greater reliability of both the impacts of turnover.

The retention methods have the cronsbach's alpha of 0.932 which is the greatest alpha of the above discussed categories showing that the reliability is higher.

3.15. Correlation Analysis

As discussed in the conceptual framework the main objective of the study is to show the existing correlation between causes of turnover and turnover, turnover and organizational effectiveness, turnover and employee performance and retention methods and turnover. This test is done by using Bivariate Correlation Analysis (two-tiled); the Pearson correlation coefficient was carried out to determine the extent to which values of two variables listed above were correlated to each other.

3.15.1. Correlation Analysis between Demographic factors and Turnover

Table 13: Correlation Analysis between Demographic factors and Turnover

Correlations				
		age of employees	Number of years an employee worked in ERCA	Turnover
age of employees	Pearson Correlation	1	.504**	.031
	Sig. (2-tailed)		.000	.720
	N	140	140	140
Number of years an employee worked in ERCA	Pearson Correlation	.504**	1	.042
	Sig. (2-tailed)	.000		.625
	N	140	140	140
Turnover	Pearson Correlation	.031	.042	1
	Sig. (2-tailed)	.720	.625	
	N	140	140	140
**. Correlation is significant at the 0.01 level (2-tailed).				

The table above shows that there is insignificant and positive relationship between employee turnover and age of employees and between employee turnover and experience of employees in the organization. Employees will leave the organization depending on the other factors not depending on their age and experience.

1.1.1. Correlation Analysis between Internal causes of turnover and turnover

The table below shows the existing correlation between each internal causes of turnover and employee turnover of ERCA Jimma branch.

Table 14: Correlations between turnover and salary and career advancement

Correlations between turnover and salary and career advancement				
		Turnover	Not satisfied with the salary they are getting in ERCA	No opportunity for career advancement
Turnover	Pearson Correlation	1	.772**	.675**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Not satisfied with the salary they are getting in ERCA	Pearson Correlation	.772**	1	.895**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
No opportunity for career advancement	Pearson Correlation	.675**	.895**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

As shown in the above table there is a positive relationship between turnover and the dissatisfaction of employees on the salary they get in the organization having the coefficient of .772 and it is significant. In other words when the dissatisfaction of employees with the salaries they are being paid the turnover rate of employees in the organization will increase.

The Pearson correlation coefficient of the non-existence of the opportunity for career advancement and the employee turnover is 0.675 which is positive and significant. This shows that as the opportunity for career advancement is low or not there the employee turnover will increase. In other words if there exists the opportunity for career advancement in the organization turnover will decrease.

Table 15: Correlations between turnover and working condition and involvement in decision making

Correlations between turnover and working condition and involvement in decision making				
		Turnover	Working condition	noninvolved in decision making
Turnover	Pearson Correlation	1	.838**	.774**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Not satisfied with the working condition	Pearson Correlation	.838**	1	.737**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Staff members are noninvolved in decision making	Pearson Correlation	.774**	.737**	1
	Sig. (2-tailed)	.000	.000	

The above table shows the existing correlation between employee turnover and working condition and involvement in decision making process. The existing a significant correlation between turnover and unfavorableness working condition is positive having the Pearson correlation coefficient of 0.838 having the meaning of; when there is unfavorable working conditions in the organization employee turnover will increase and vice versa.

The Pearson correlation coefficient between the non-involvements of staff members in decision making an employee turnover is significant and is 0.774. This correlation shows that there is a positive correlation between non-involvement of staff members and employee turnover, having the meaning of as the non-involvement of staff members in decision making high he employee turnover rate will also be high and vice versa.

Table 16: Correlations between turnover and training and assistance programs and appreciation of inputs

Correlations between turnover and training and assistance programs and appreciation of inputs				
		Turnover	Lack of training	inputs are not appreciated
Turnover	Pearson Correlation	1	.740**	.812**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Lack of training and assistance programs	Pearson Correlation	.740**	1	.905**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Employees inputs are not appreciated	Pearson Correlation	.812**	.905**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

The above table indicates that there is a significant positive relationship between lack of training and assistance programs and employee turnover. The above relationship has the Pearson coefficient of 0.740. When there is lack of training and assistance programs employee turnover will become higher.

There is also a significant positive relationship between the non-appreciation of employee's inputs and employee turnover having the Pearson correlation coefficient of 0.812. This

coefficient shows that as employees inputs are not appreciated the employee turnover rate will increase and vice versa.

Table 17: correlations between turnover and benefit and allowance package

Correlations between turnover and benefit and allowance package			
		Turnover	Not satisfied with the benefits and allowances of ERCA
Turnover	Pearson Correlation	1	.772**
	Sig. (2-tailed)		.000
	N	140	140
Not satisfied with the benefits and allowances of ERCA	Pearson Correlation	.772**	1
	Sig. (2-tailed)	.000	
	N	140	140
**. Correlation is significant at the 0.01 level (2-tailed).			

The table above describes the positive correlation between turnover and the unsatisfactory benefit and allowance package in ERCA Jimma branch. The Pearson correlation coefficient is 0.772, indicating that as there the unsatisfactory benefit and allowance package exists in ERCA employee turnover increases but as there exists satisfactory benefit and allowance package the employee turnover rate will decrease.

Table 18: Correlations between turnover and job and employee mismatch

Correlations			
		Turnover	Staff turnover due to job and employee mismatch
Turnover	Pearson Correlation	1	.589**
	Sig. (2-tailed)		.000
	N	140	140
Staff turnover due to job and employee mismatch	Pearson Correlation	.589**	1
	Sig. (2-tailed)	.000	
	N	140	140

Turnover is significantly and positively related to the existence of job and qualification mismatch having the Pearson correlation coefficient of 0.589. This means that as job and qualification doesn't match in the organization the employee turnover will increase and vice versa. The mismatch created idleness on many of the employees.

Table 19: Correlations between turnover and terrifying rules and regulations and education opportunity

Correlations between turnover and terrifying rules and regulations and education opportunity				
		Turnover	Terrifying Rules and regulation on corruption	Unfair completion ground on education
Turnover	Pearson Correlation	1	.733**	.658**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Terrifying Rules and regulation on corruption	Pearson Correlation	.733**	1	.917**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Unfair completion ground on education	Pearson Correlation	.658**	.917**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

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

Turnover is significantly and positively related to the existence of terrifying rules and regulation that prevails in the organization specially rules and regulations related to corruption. The relationship has a Pearson correlation coefficient of 0.733; meaning that as the rules and regulations prevailing in ERCA are more terrifying the employees will choose to leave the organization in order to be safe from the risks related to their job.

Turnover is significantly and positively related to the existence of unfair competition over the opportunity for education which favors employees that served a lot rather than considering the

mental ability and efficiency of employees. This relation has a Pearson correlation coefficient of 0.658; meaning that as there is unfair competition on the education opportunity the employee turnover rate will increase and vice versa.

Table 20: Correlations between turnover and all internal factors combined

Correlations between turnover and all internal factors combined			
		Turnover	Internal factors
Turnover	Pearson Correlation	1	.862**
	Sig. (2-tailed)		.000
	N	140	140
Internal factors	Pearson Correlation	.862**	1
	Sig. (2-tailed)	.000	
	N	140	140
** . Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the combined, significant and positive relationship between turnover and Internal causes of employee turnover in ERCA. The relation has a Pearson correlation coefficient of 0.862; meaning that as the internal causes of turnover prevails in the organization the employee turnover will increase. But if the internal causes of employee turnover have been addressed properly the employee turnover will decrease.

1.1.2. Correlation Between Turnover and External Factors of Employee Turnover

Table 21: Correlations between turnover and high paying companies and weather condition

Correlations between turnover and high paying companies and weather condition				
		Turnover	The availability of high paying companies in the market	the weather condition is not favorable and no facilities to mitigate it
Turnover	Pearson Correlation	1	.740**	.032
	Sig. (2-tailed)		.000	.708
	N	140	140	140
The availability of high paying companies in the market	Pearson Correlation	.740**	1	.359**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
the weather condition is not favorable and no facilities to mitigate it	Pearson Correlation	.032	.359**	1
	Sig. (2-tailed)	.708	.000	
	N	140	140	140

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

The existence of high paying companies in the market will increase the employee turnover rate of ERCA Jimma branch. The relation has the Pearson correlation coefficient of 0.740. Showing the relation is positive and significant. As observed by the HRD of ERCA the employees are

more attracted to Commercial bank of Ethiopia, Ethiopian Tele communication, Ethiopian Air lines and other NGO's because of the attractive payment they pay for their employees which is greater than what ERCA pays for its employees.

The other external factor is the unfavorable weather condition prevailing in Jimma, Nekemte, Assosa and Gambella having the Pearson correlation coefficient of 0.032. There is positive but insignificant relation between unfavorable weather condition and turnover. Employees around Gambella have agreed to the unfavorableness of weather condition but the majority of the respondent from the rest of the branches agreed on the favorableness of weather condition, that makes the relation insignificant to employee turnover.

Table 22: Correlations between turnover and facilities and risk

Correlations between turnover and facilities and risk				
		Turnover	The place is remote and there is no facilities	There are high risk generated from the job
Turnover	Pearson Correlation	1	.634**	.812**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
The place is remote and there is no facilities	Pearson Correlation	.634**	1	.773**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
There are high risk generated from the job	Pearson Correlation	.812**	.773**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

Employee turnover is positively and significantly related to lack of facilities for employees in the organization. The relation has the Pearson correlation coefficient of 0.634 indicating that as the lack of proper and sufficient facilities exists in the organization the employee turnover rate will increase and vice versa.

The overall relationship between external causes of employee turnover and turnover

The overall correlation of the total external causes of employee turnover and turnover is discussed in the table below.

Table 23: Correlations between turnover and external factors

Correlations between turnover and external factors			
		Turnover	external factors
Turnover	Pearson Correlation	1	.576**
	Sig. (2-tailed)		.000
	N	140	140
external factors	Pearson Correlation	.576**	1
	Sig. (2-tailed)	.000	
	N	140	140
**. Correlation is significant at the 0.01 level (2-tailed).			

There is a positive and significant correlation between external cause's employee turnover and turnover. The relation has the Pearson correlation coefficient of 0.576. The interpretation will be as if there exist favorable external conditions for the employees the employees of ERCA Jimma branch will leave the organization.

1.1.3. Correlation Analysis between Turnover and Organizational Ineffectiveness

Table 24: Correlations between turnover and wastage of resource and work productivity

Correlations between turnover and wastage of resource and work productivity				
		Turnover	Wastage of resource	Reduction in work productivity
Turnover	Pearson Correlation	1	.684**	.500**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Wastage of resource	Pearson Correlation	.684**	1	.899**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Reduction in work productivity	Pearson Correlation	.500**	.899**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

The above table shows that as turnover increases in the organization wastage of resources will increase while trying to fulfill the open position. The relation has the Pearson coefficient of 0.684 which indicates the existence of positive and significant relation between turnover and wastage of resources. So to conclude as employee turnover increases in the organization the wastage of resource that the organization encounter will increase which can affect the organizational effectiveness.

The other relation that the above table shows is the relation between turnover and work productivity. In the above table there exists the positive and significant correlation between

turnover and reduction in work productivity which is indicated by the Pearson correlation coefficient of 0.500. From the relation one can understand that as there is high employee turnover in the organization work productivity will decrease.

Table 25: Correlations between turnover and quality of service provision and disruption of service delivery and satisfaction of customers

Correlations between turnover and quality of service provision and disruption of service delivery and satisfaction of customers					
		Turnover	quality of service	service delivery	satisfaction of customers
Turnover	Pearson Correlation	1	.616**	.532**	.562**
	Sig. (2-tailed)		.000	.000	.000
	N	140	140	140	140
Decline in quality of service provision	Pearson Correlation	.616**	1	.431**	.302**
	Sig. (2-tailed)	.000		.000	.000
	N	140	140	140	140
Disrupts service delivery	Pearson Correlation	.532**	.431**	1	.816**
	Sig. (2-tailed)	.000	.000		.000
	N	140	140	140	140
Decline the satisfaction of customers	Pearson Correlation	.562**	.302**	.816**	1
	Sig. (2-tailed)	.000	.000	.000	

Turnover is positively and significantly correlated to decline in the quality of service provision having the Pearson correlation coefficient of 0.616. From this one can understand that as the rate of employee turnover increases the provision of quality service will decline and vice versa.

Turnover is positively and significantly correlated to disruption of service provision, having the Pearson correlation coefficient of 0.532 implying that as the rate of employee turnover increases the services provided will be disrupted and vice versa. This has a negative effect on the organizational effectiveness.

Due turnover customers satisfaction will decline. This is shown by the Pearson correlation coefficient of 0.562 which is positive and significant. As there is high employee Turnover rate the customer satisfaction on the service provided will decrease. The decline in customer satisfaction has a negative impact on the organizational effectiveness.

Correlation between Turnover and Organizational Effectiveness

Table 26: Correlations between Turnover and Organizational Effectiveness

Correlations between Turnover and Organizational Effectiveness			
		Turnover	Decline in Organizational Effectiveness
Turnover	Pearson Correlation	1	.697**
	Sig. (2-tailed)		.000
	N	140	140
Decline in Organizational Effectiveness	Pearson Correlation	.697**	1
	Sig. (2-tailed)	.000	
	N	140	140

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

The overall relationship between turnover and Decline in Organizational Effectiveness is positive and significant. The relation is shown by the Pearson correlation coefficient of 0.697; meaning that as the employee turnover rate increase the organizational effectiveness will decline and as employee turnover rate decreases the organizational effectiveness will increase.

1.1.4. Correlation between Turnover and Employee Performance

The table below shows the relationship between employee turnover and employee performance working in the organization.

Table 27: Correlations between turnover and work load and work stress

Correlations between turnover and work load and work stress				
		Turnover	Increases work load for each employee	Increases work stress to present workers
Turnover	Pearson Correlation	1	.740**	.562**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Increases work load for each employee	Pearson Correlation	.740**	1	.600**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Increases work stress to present workers	Pearson Correlation	.562**	.600**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140

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

As shown in the above table there is a positive and significant relationship between turnover and work load on employees currently working in the organization. The Pearson correlation coefficient between the two variables is 0.740; meaning that as the rate of employee turnover increases the workload on the current employees will increase. This will happen due to the shift of duties and responsibilities of the ex-employee to the present and current working employee of the organization.

The other relationship shown in the above table is the relationship between turnover and work stress of the current working employees of the organization. As shown above there is a positive and significant correlation between turnover and increase in work stress on the prevailing employees of the organization which is shown by the Pearson correlation coefficient 0.562. From

this one can understand that as employee turnover rate increases the work stress imposed on the current employees will increase.

Table 28: Correlations between Turnover and team work and time for training

Correlations between Turnover and team work and time for training				
		Turnove r	Breaks team work	Much time in training new staff members
Turnover	Pearson Correlation	1	.859**	.491**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Breaks team work	Pearson Correlation	.859**	1	.655**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Much time in training new staff members	Pearson Correlation	.491**	.655**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140
**. Correlation is significant at the 0.01 level (2-tailed).				

There is a negative and significant correlation between turnover and team work in the organization. As the rate of employee turnover increases the team work in the organization will break which will affect the individual employee performance in the organization. This relation is shown by the Pearson correlation coefficient of 0.859 having a greater correlation.

There is a positive and significant correlation between the time spent to train new staff and employee turnover. Having the meaning of as the employee turnover increases the currently working employees will spend much time to train the new staff members hired to fulfill the open vacant position created by the high turnover rate. This relation is shown by the Pearson correlation coefficient of 0.491.

Correlation between turnover and employee performance as a whole for ERCA Jimma branch

Table 29: Correlations turnover and employee performance

Correlations turnover and employee performance			
		Turnover	Decrease in Employee performance
Turnover	Pearson Correlation	1	.776**
	Sig. (2-tailed)		.000
	N	140	140
Decrease in Employee performance	Pearson Correlation	.776**	1
	Sig. (2-tailed)	.000	
	N	140	140
**. Correlation is significant at the 0.01 level (2-tailed).			

As a total there is a positive and significant correlation between employee turnover and decrease in employee performance. The employee performance in this case is the performance of employees currently working in the organization. The employee performance of the employees will decrease as the rate of employee turnover increases. This relation is shown by the Pearson correlation coefficient of 0.776 which is greater showing greater correlation.

1.1.5. Correlation between Turnover and ways of retaining employees

Table 21: Correlations between turnover and work relationship between employees and recognition and salary

Correlations between turnover and work relationship between employees and recognition and salary					
		Turnover	Work relationship between employees must be improved	Employees must be recognized when they achieve goals	Employees must be paid reasonable salary that will match the existing employment market payment
Turnover	Pearson Correlation	1	-.728**	-.802**	-.703**
	Sig. (2-tailed)		.000	.000	.000
	N	140	140	140	140
Work relationship between employees must be improved	Pearson Correlation	-.728**	1	.750**	.612**
	Sig. (2-tailed)	.000		.000	.000
	N	140	140	140	140
Employees must be recognized when they achieve goals	Pearson Correlation	-.802**	.750**	1	.874**
	Sig. (2-tailed)	.000	.000		.000
	N	140	140	140	140
Employees must be paid reasonable salary that will match the existing employment market payment	Pearson Correlation	-.703**	.612**	.874**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	140	140	140	140

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

There is a negative and significant correlation between employee turnover and work relationship improvement, employees' recognition on achievement of goals and salary increment. If the work relationship between employees is improved, employees are recognized when they achieve goals and employees are paid a reasonable salary that will match the existing employment market employee turnover will decrease. These relationships are shown by the Pearson correlation coefficient of -0.728, -0.802 and -0.703 respectively.

Table 22: Correlations between turnover and benefit and allowance and special treatment

Correlations between turnover and benefit and allowance and special treatment				
		Turnover	Employees must be paid a reasonable amount of benefit and allowance	There must be special treatment for employees who are working in remote areas
Turnover	Pearson Correlation	1	-.510**	-.511**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
Employees must be paid a reasonable amount of benefit and allowance	Pearson Correlation	-.510**	1	.873**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
There must be special treatment for employees who are working in remote areas	Pearson Correlation	-.511**	.873**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140
**. Correlation is significant at the 0.01 level (2-tailed).				

There is negative and significant correlation between turnover and benefit and special treatment for the employees working in the remote areas. As benefit and allowance package of the organization for its employees improves employees turnover rate will decrease similarly as special treatment for employees working in the remote areas and working in a risky position is improved the turnover rate will decrease. The negative relationship between turnover, benefit package and special treatment according to the riskiness and remoteness of the places is shown by the Pearson correlation coefficient of -0.510 and -0.511.

Table 23: Correlations between turnover and education policy and employee and job mismatch

Correlations				
		Turnover	The educational policy must be revised and set according to the mental ability of an employee	Jobs must be assigned according to the ability and educational background of an employee.
Turnover	Pearson Correlation	1	-.803**	-.716**
	Sig. (2-tailed)		.000	.000
	N	140	140	140
The educational policy must be revised and set according to the mental ability of an employee	Pearson Correlation	-.803**	1	.641**
	Sig. (2-tailed)	.000		.000
	N	140	140	140
Jobs must be assigned according to the ability and educational background of an employee.	Pearson Correlation	-.716**	.641**	1
	Sig. (2-tailed)	.000	.000	
	N	140	140	140
**. Correlation is significant at the 0.01 level (2-tailed).				

There is negative and significant correlation between turnover and the improvement of the education policy of the organization and between turnover and matching of employee qualification and the job. As the educational policy is improved to bring fair competition between employees the turnover rate will decrease. Similarly as job and employees qualification is matched the employee turnover rate will decrease. The correlation is shown by the Pearson correlation coefficient of -0.803 and -0.716 respectively.

Correlation Analysis between employee turnover and Retention methods

Table 24: Correlations between Turnover and Retention methods

Correlations between Turnover and Retention methods			
		Turnover	Retention methods
Turnover	Pearson Correlation	1	-.805**
	Sig. (2-tailed)		.000
	N	140	140
Retention methods	Pearson Correlation	-.805**	1
	Sig. (2-tailed)	.000	
	N	140	140
**. Correlation is significant at the 0.01 level (2-tailed).			

Employee turnover will be decreased if the application of different retention methods discussed above is applied in the organization. The overall correlation between employee turnover and retention methods is negative and significant having the Pearson correlation coefficient of -0.805 which is higher implying the higher existence of correlation between the two variables.

Therefore if the employee retention methods are applied properly in the organization the employee turnover rate will decrease.

CHAPTER FIVE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The rate at which employees enter and withdraw from organization has become a source of concern to HRD managers given the damaging effect of frequent turnover could have on organization effectiveness and employees performance. In order to reduce the rate of turnover in organizations, this study sought to identify motivational variables that managers could use in order to influence employees retention. Frequent employees turnover is costly to organizations and destructive to the attainment of organizational goals. Many organizations are been able to identify properly the real reason or reasons that lead to key employees to leave. Most managers believe that increasing financial benefits of employees would motivate them to remain while others provide attractive working environment as a retention strategy. The present study therefore, sought to determine the extent to which selected motivational variables in the organization were being applied and were influencing employees' decision to remain or quit an organization.

5.1. Summary of findings

- There exists a high rate of employee turnover starting from 2002 E.C.
- Most the ex-employees and employees currently working in the organization are young and first degree holders who have more intention for turnover.
- Most employees terminated have an experience of less than 5 years, showing that employees leave the organization having low experience years.
- Management staffs and HRD of the organization is aware of skilled manpower turnover that the organization is facing.
- Most management staffs and HRD of the organization believes that the low salary and benefit package in ERCA made employees to leave the organization.
- The management staffs are aware of the different cost incurred due to high employee turnover rate, such as cost of advertisement, cost of interview and cost of training and development for new staff members.

- Most ex-employees left the organization because of low incentive and salary package and they got a high paying company in the market.
- Most ex-employees left the organization because of the riskiness of the job they used to do in ERCA.
- Most ex-employees left ERCA because they don't sense belongingness in the organization.
- Most ex-employees sense that the interpersonal relationship between different employees and between employees and managers was not good.
- Most ex-employees agreed on the unattractiveness of the working environment in ERCA
- In ERCA most ex-employees agreed that the job they used to do in the organization and their qualification doesn't match.
- In the organization most of the current employees are not satisfied with the salary and incentive package prevailing in the organization.
- Most of current employees in the organization are not satisfied in the working conditions.
- There is lack of employee training and development program for most of the employees.
- Idleness is caused on most of the employees due to employees' qualification and job mismatch.
- In ERCA mostly experience accounts more than efficiency on promotion.
- There are some rules that terrify employees regarding corruption in ERCA.
- There is unfair competition ground for all employees on the opportunity of education that the organization gives to its employees.
- Most of the employees know that there are other companies that pay more than what ERCA is paying them.

- The weather condition is unfavorable for employees working in Gambella branch and Assosa branch and their corresponding custom control centers. There is lack of facilities that can help mitigate the weather condition.
- There are no sufficient facilities for employees working in remote areas and there exists high risk generated due to the work they do.
- Most employees believe that high rate of employee turnover causes in the wastage of resource, reduction in work productivity, and decline in service provision, service delivery disruption and loss in customer satisfactions.
- Most employees believe that high employee turnover rate increases work load, increases work stress, can break team work between employees working in the organization and time spent to train new staff increase and will affect the performance of employees.

5.2. Recommendations

In general market place, organizations worldwide rely on their employees in order to compete favorably and gain competitive advantage. There is growing need to public sector organizations in Ethiopia to improve on service delivery. To be able to do this effectively, managers in public sector organizations must devise a practical means of retaining key employees whose expertise is critical to service delivery. One of achieving this is to motivate these employees through comprehensive and proactive retention program.

The following recommendations are suggested in view of the findings of present study.

Since the management of the organization is aware of skilled manpower turnover, it could strongly work on retention mechanisms like

- Encourage employees to participate in decision making concerning matters that directly or indirectly affects the employees
- Arrange good working environment such as improved facilities that can help the employees do their job quickly and effectively and good recreational places for the employees.
- Managers must give promotions and share benefits based on the employees performance
- Managers must work on preparing and giving training and development programs to different employees according to their qualification and the job they do.
- Managers and employees must work on improving the interpersonal relationship between employees and managers and within the employees.

Since the organization only has control on the internal factors for turnover which also has a greater correlation coefficient, the organization must improve the internal causes of employee turnover such as

- Improving the salary and incentive packages which can be at least equal to the existing salary and incentive packages that other organizations offer outside.

- In the organization there must be fair competition ground for educational opportunities and crediting more on efficiency rather than experience for promotion.
- ✓ In ERCA there is an employee qualifications' and job mismatch which leads employees to idleness, so ERCA has to analyze and assign every employees according to their qualifications.
- ✓ Give power and make them to participate in decision-making to make them to feel sense of belongingness to their organization.
- ✓ Management should work towards creating smooth and conducive inter personal relationship since informal group contribute to effectiveness of work carried out by employees of the organization.
- ✓ Employees must be recognized for their achievement of goal of the organization.
- ✓ Since the working areas of the organization include boarder areas the organization must give a special treatment for the employee working there such as vehicles, house, ventilation facilities to mitigate the weather condition and facilities to be used for protection and security.
- ✓ Since the majority of the works done in ERCA is risk full there must be some protection and security programs for employees working in the risky positions.

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Appendix

Questionnaire to respondents currently working in the organization

1. Please tick one of the correct answers with an (X)
2. Answer all questions.

Section A: Demographic factors

1. Age

18-25 years (1)	26-35 years (2)	36-45 years (3)	46-55 years (4)	56 and above (5)

2. Gender

Male (1)	Female (2)
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3. Length of service (Experience)

1-5 years (1)	6-10 years (2)	11-15 years (3)	16-20 years (4)	21 and above (5)

4. Qualification

10+2 (1)	10+3 (2)	(3) Diploma	BA/BSC (4)	MA/MSC (5)

Questions regarding the existence of turnover

No	items	SD(1)	D(2)	N(3)	A(4)	SD(5)
1	There are many employees that left the organization from your department					
2	Your colleague or an employee you know has left the organization					
3	You have the intention of leaving the organization for another job.					
4	You are in the organization until you get a better alternative job					
5	You leave the organization if you get an interesting job.					
6	You know there exists a high turnover rate in the organization					

Section B

Please tick the correct answer (X)

Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD)

1. Please indicate your response regarding causes of staff turnover

Internal Factors

No	ITEM	SD(1)	D(2)	N(3)	A(4)	SA(5)
1.1	I'm not satisfied with the salary I'm getting in my organization					
1.2	In my organization there is no opportunity for career advancement.					
1.3	I'm not satisfied with working conditions.					
1.4	Staff members are not involved in decision making.					
1.5	There is lack of employee assistance programs (training).					
1.6	My input is not appreciated.					
1.7	Work boredom is the cause of staff turnover.					
1.8	I'm not satisfied with the benefit and allowance I'm paid from my organization.					
1.9	Idleness has caused staff turnover due to job and employee mismatch.					
1.10	Experience accounts more than efficiency on promotion.					
1.11	The rules and regulations of the organization with regard to corruption are terrifying.					
1.12	The educational opportunity is favorable for employees have served a lot rather than consideration of mental ability of employees.					

External Factors

No	ITEM	SD(1)	D(2)	N(3)	A(4)	SA(5)
1.13	The availability of high paying companies in the market.					
1.14	There are high risks generated from the job behavior.					
1.15	The place of job is remote and there are no sufficient facilities.					
1.16	The weather condition is not favorable and there is no facility to mitigate the climatic condition.					

2. Please indicate your response regarding the impact of staff turnover on organizational effectiveness in ERCA Jimma branch.

No	ITEM	SD(1)	D(2)	N(3)	A(4)	SA(5)
2.1	High staff turnover causes too much wastage of resource when trying to recruit new staff.					
2.2	High staff turnover causes reduction in work productivity.					
2.3	Staff turnover causes a decline in services provision.					
2.4	Staff turnover disrupts service delivery.					
2.5	Service provided results in loss of satisfaction of customers.					

3. Please indicate your response regarding high staff turnover on employee's performance.

No	ITEM	SD(1)	D(2)	N(3)	A(4)	SA(5)
3.1	High staff turnover increases work load for each employee.					

3.2	High staff turnover increasing work stress to the existing workers.					
3.3	Employees are asked to work overtime because of high turnover rate.					
3.4	High staff turnover breaks team work within the organization.					
3.5	Employees spend too much time in training new staff member.					

4. Please indicate your response regarding ways that can be used to reduce staff turnover.

No	ITEM	SD(1)	D(2)	N(3)	A(4)	SA(5)
4.1	Work relationship between employees must be improved.					
4.2	Employees must be recognized when they achieve goals.					
4.3	Employee must be paid well (reasonable salary) that will match the existing employment market payment.					
4.4	Employees must be paid a reasonable amount of benefit and allowance.					
4.5	There must be a special treatment for employees who are working in remote areas.					
4.6	The educational policy must be revised and set according to the mental ability of an employee					
4.7	Jobs must be assigned according to the ability and educational background of an employee.					

Questioner for Ex-employees

1. Age

18-25 years (1)	26-35 years (2)	36-45 years (3)	46-55 years (4)	56 and above (5)

2. Gender

Male (1)	Female (2)
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3. Length of service (Experience)

1-5 years (1)	6-10 years (2)	11-15 years (3)	16-20 years (4)	21 and above (5)

4. Qualification

10+2 (1)	10+3 (2)	(3) Diploma	BA/BSC (4)	MA/MSC (5)

Please tick the correct answer (X)

Strongly Agree (SA) 5, Agree (A) 4, Neutral (N) 3, Disagree (D) 2, and Strongly Disagree (SD) 1

No	Item	(1)	(2)	(3)	(4)	(5)
1	You left ERCA due to its incentive and salary package is low.					
2	You left ERCA because the riskiness of your job.					
3	You left the organization because it doesn't provide everything you need for performing your job.					
4	Nothing you gained while you were working in ERCA.					
5	You left ERCA because of other job you got.					
6	ERCA is not perceived as the organization in which you sense belongingness					

7	No freedom had given for innovative thinking at ERCA					
8	Supervisors were rigid at ERCA.					
9	There was no promotion mechanism based on performance.					
10	Interpersonal relation between organization employees was poor.					
11	There was no good relationship between managers and employees.					
12	ERCA was not impartial for overall benefits of employs.					
13	Working environment ERCA was not attractive.					
14	There was no good training and development practice at ERCA.					
15	You left ERCA because your job and your qualification don't match.					

Interview questions to Management staffs

1. Is management aware about employee mover of the organization?
2. What is your view regarding reasons for turnover of employees?
3. What costs the organization experience due to turnover?
4. What retention mechanisms the organization made to proactively retain existing employees?
5. What is the view of current employees to stay in the organization?