ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS

THE CAUSE OF EMPLOYEE TURNOVER AT ETHIOPIAN REVENUES AND CUSTOM AUTHORITY

By

Soliana Mulu

May, 2015

ADDIS ABABA, ETHIOPIA

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ADDIS ABABA, ETHIOPIA

Declaration

I, the undersigned, declare that this research paper is my original work, prepared under the guidance and supervision of my advisor Ass. Professor Shoa Jemal. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Soliana Mulu _____

St. Mary's University, Addis Ababa May, 2015

Endorsement

This thesis has been submitted to St. Mary's University school of graduate studies for examination with my approval as a university advisor.

Ass. Professor Shoa Jemal.

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Acronyms

ERCA	Ethiopian Revenue and Customs Authority
HRM	Human Resource Management

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Abstract

The organization under the study registered high employee turnover during recent years. This specific study tries to identify the main factors/reasons of this high employee turnover. In doing so the study uses both primary and secondary data sources and for the purpose of collecting data, it uses different instruments which are questionnaires both for the current employees and ex-employees and standard interview for the human resource management staffs. In order to analyse the collected data descriptive statistics like percentage was used.and The finding of the study reveals that, highly dissatisfaction of the employees with the benefit they received, dissatisfaction with the assistance that the employees receive from the management, lack of fair treatment by the management to all employees, information gap between the management and employee, unsecured/risky working environment dissatisfaction with the promotion given and benefit received, dissatisfaction with the motivational policy of the organization and lack of recognizing/rewarding hard working employees are the main causes of the high employee turnover. To conclude ERCA should improve the working conditions of the environment, motivate employees, should narrow the information gap between management and the employees. Motivating the employees using different strategies, creating conducive environment, paying the employees in accordance to the risk they take and showing high concern by the HRM and management of the organization to the problem of turnover are some of the recommendations given in order to solve the problem.

Key words: Employee's turnover, HRM, ERCA

CHAPTER ONE

INTRODUCTION

This study was conducted to find out the cause of high employee turnover at ERCA with a specific focus on head offic. Comparing with other public organizations ERCA is known for its high salary scale. but ERCA is experiencing high employees turnover and this makes the story puzzle.thus this paper tried to asses the reasons behind high employees turnover found in the organization.

1.1. Background of the Study

It is known that the development of human resource is essential to a country's prosperity, growth and to the effective use of its physical capitl (Tolbert and Baum, 1985) a. It is the responsibility of human resources in deciding on financial related issues, plan new products and provide services on the basis of the organization's objectives set. All organizations combine human, material and financial resources to meet their goals and objectives among which human resources are the most important resources of an organization.

Achieving objectives of organizations tends to be difficult without effective human resources. As Melaku, (2010) stated human resources are considered as the crucial element of a given institution because they can shape the production of the organization in a significant manner. In general, organization's productivity and effectiveness can be influenced by the management of human resources.

It is acknowledged that most of a human resource movement in organizations takes place through promotions, demotions, and transfers. Another form of employee movement involves what is known as turnover. This kind of movement differs from the above set of movement in that the later kind of movement is the movement of employees out of the organization that results from resignations, transfers out of the organization units, discharges etc. (Carell et al, 1992).

Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most

companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance can be all factors that play a significant role in employee turnover.

The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well. Those who are desperate for a job may take the first one that comes along to carry them through while searching for better paying employment. Also, employees tend to leave a company because of unsatisfactory performance appraisals.

At this point, it would be desirable to distinguish between involuntary and voluntary turnover of employees because managerial activities necessary control the two different types of terminations based on the nature of the turnover. As the term indicates, involuntary termination or turnover of employee is usually initiated by organizations. Sometimes excessive involuntary terminations are seen in organizations because of many circumstances under which a given organization is found. For example, involuntary turnover of employees could result because of performance inadequacies of employees; or perhaps because of unreasonably harsh policies or because supervisors are unduly eager in applying the rules, etc (Heneman et al, 1996).

Thus, high turnover is always a symptom of problem that something is wrong within the organization and/or may be an indicator of better opportunities elsewhere outside the organization. Moreover, studies reveal that excessively high turnover of employees can result in unacceptable replacement costs through recruitment, selection, training and socialization, employment relocation, and additional supervision. Furthermore, too much turnover can have an adverse effect on recruiting efforts in that prospective staff wants to know why the former employee left or were discharged impacts negatively on those remaining employee creating a feeling that may be something is wrong with the organization or that opportunities are better elsewhere. In general, turnover can affect the whole human resource management process (Pennington and Edward, 2000; Taylor, 1998).

For institutions to be successful, it must continuously ensure the satisfaction of their employee (Berry, 1997). Organization with more satisfied employees tends to be more effective (Robbins

and Judge, 2007), besides, happy workers are more likely to be a productive worker. Manpower in an organization is the most important resource to enable organization to do its task. Without Human Resource, the organization will not be able to implement the business plan and retaining them has become a challenge to organizational management because of varied employee needs.

Different researchers developed different models to enlighten and advance the understanding of employee turnover to explain and predict employees' movement within or out of the organization. Employees which have the biggest impact on the growth and development processes in helping the organization achieve expected goal have the critical problem of turnover. Therefore, this study is intended to assess the causes of employee's turnover in Ethiopian revenue and customs authority head office.

1.2. Statement of the Problem

The most important and single resource in any organization is people. The development of human resource in organization is supposed to be a necessary condition for organizational sustainability and dynamic development than other resources. Otherwise, the organization couldn't compete and achieve its goals in this dynamic business competition and complex modern period. In practice, however, high turnover of professional personnel was found to be one of the critical problems (MoE, 2002). With high turnover problem, it is impossible to expect the sector to produce knowledgeable, trained and skilled human resource. Employees which have the biggest impact on the growth and development processes in helping the organization achieve expected goal have the critical problem of turnover. This problem of turnover is observed in the area where the study has been carried out.

Employees' turnover remains one of the most widely researched topics in organizational analysis (Dalton and Todor, 1981). Despite the significant progress of research in this field (Morell and associate, 2004; Negrin and Tzafrir, 2004), there is a great deal of confusion as to what might actually cause employees to leave their organization.

The following table shades a light the trends of high employee's turnover in Ethiopian revenue and customs authority head office between 2001 up to 2006 E.C.

Year	№.of Employees who are hired			Growth Rate of Employees who are hired			№.of Employees who quit their job			Growth Rate of Employees who quit their job		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
2001	1603	877	2480				38	16	54			
2002	2409	1174	3583	33.46	25.30	30.78	75	13	88	49.33	-23.1	38.64
2003	3816	2321	6137	36.87	49.42	41.62	207	46	253	63.77	71.74	65.22
2004	4107	3462	7569	7.09	32.96	18.92	363	165	528	42.98	72.12	52.08
2005	4346	4045	8391	5.50	14.41	9.80	531	402	933	31.64	58.96	43.41
2006	4617	4441	9058	5.87	8.92	7.36	1202	779	1981	55.82	48.40	52.90

From the above table we can observe that, the growth rate of hiring employee in the organization from 2001 up to 2006 shows an increasing rate for both sexes. Totally, for the first two years it increases in a significant way (2002 and 2003) than the later years which is 9 and 7 percent in 2005 and 2006 respectively. Regarding to employees turn over, there is a remarkable increase of employees who quit their job for the given years. Furthermore, comparing both growth rates the growth rate of employee's turnover increases in folded amount than the growth rate of hired employees in the organization.

As observed above, while turnover of employees is currently one of the leading problems in the revenue and customs authority; unfortunately, to the researcher's knowledge a research has not been undertaken in the organization. Moreover, many writers had stated that one of the major reasons behind employee turnover is looking for a better job from the financial point of view and the prospect of getting higher pay elsewhere is one of the most obvious contributors to turnover (Asmamaw, 2011; Adugna, 2013). But, looking the organization under the study comparably pays better salary than other governmental organizations. Thus, it needs emphasis to investigate the reason behind the high employee turnover.

In view of this critical problem, it becomes vital that a study be made to identify the causes of this high employee's turnover.

1.3. Research Questions

The research questions of this study are:

1. What are the internal and external causes on employee's turnover at Ethiopian revenue and customs authority head office?
2. Which age groups are more exposed to employee turnover?

3. Does ERCA have well-motivated employees?
4. Does higher salary level motivate employees in ERCA?
5. What is the effect of the turnover on ERCA?

1.4. Objectives of the Study

1.4.1. General Objectives

The main objective of the study is to assess causes of employee's turnover at Ethiopian revenue and custom authority head office.

1.4.2. Specific Objectives

On the basis of the major objective, the study tried to address the following specific objectives.

1. To determine the internal and external causes on employees turnover at Ethiopian revenue and customs authority head office.
2. To identify which age group are more exposed to employee turnover
3. To assess motivational level of emplooyees of ERCA
4. To examine if high salary of ERCA motivates employees
5. To evaluate the effect of turnover on ERCA

1.5. Significance of the Study

The study aims to creat awareness on the the reasons of high employees turnover on the organization. The study have a massive benefit to the academia, organizations, the government and the general public. To the academia, as the study explores into the subject area, it seeks to either accept or reject earlier positions taken by earlier researchers and writers on the subject matter. The study is also benefit organizations in general and ERCA in particular to appreciate the measures that they have to take to increase their performance and productivity of their employees. Finally, the study have a big benefit the government by making policy makers and those in positions of authority to know the reason behind high employees turnover.

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1.6. Scope of the Study

The study made an assessment of the causes of employee's turnover in Ethiopian revenue and custom authority. With the special focus on ERCA head office.

Although ERCA have 14 branches in Addis Ababa, to make the study manageable it is limited to the head office which is found in Bole Sub City.

1.7. Limitations of the Study

It would have been more convenient if the study had been made in all branches of revenue and customs authority office in Addis Ababa City but due to time and financial constraints the research is limited to the head office.

1.8. Organization of the Paper

The paper had four chapters. Chapter one incorporat introduction part suchas, Background of the study, Definition of key terms, Statement of the Study and Limitations of the study Chapter two reviews the theoretical and empirical literature related to this specific study. Chapter three discusses the methodology and model specification part. The fourth Chapter Data analysis and Interpretation of the study. Finally, the Summary, conclusion and policy implication part is presented in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This section reviews a literature developed on the issue of employees turnover. In the theortical section the paper disecussed different definitions and concepts of employees turnover,the causes of employees turnover, measuring turnover and retention teories as well. From the different theories and literatures own conseptual fremwork was developed. More over on the empirical literature section it is tried to incorporate the works of different scholars like Tanuiralem, shahind (2012), Anthony and Irene, Asiamah Samuel(2011) and others; methods and findings of those scolars was assessed.

2.1. Concepts and Definitions

According to Robbins (2003) turnover refers to the voluntary and involuntary permanent withdrawal from an organization, and a high turnover rate results in increased recruiting, selection, and training costs. Rion (2009:8) also defined employee turnover as a ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees. More over some other studies indicate that employee turnover does not only include the voluntary termination of employment but also the involuntary termination of membership of an organization. The researcher focused on voluntary turnover.

2.1.1. Voluntary Turnover

Voluntary employee turnover occurs when an employee leaves the organization with his own will due to better job opportunity, job dissatisfaction, bad working conditions etc. It is true that high level of voluntary turnover is to be negative for the organizational development. Some scholars have identified that the major factor for voluntary turnover is job dissatisfaction. Voluntary turnover occurs when employee chooses to leave his/her organization for whatever reason at his/her own will (Dess and Shaw, 2001:446).If employees become dissatisfied with their job, they can be motivated to search for another organization with better situation. The labor market is also another factor for voluntary turnover to motivate employees and to find alternative employment opportunities. If the labor market situation is not favorable, however, even if they are dissatisfied with their jobs, they remain until another job is available (Meshane and Glinow, 2000).

2.1.2. Involuntary Turnover

Involuntary turnover generally occurs for reasons which are independent of the concerned employee such as when organizations incur losses or unavoidable expenses, and perceive the need to cut costs, re-structure or downsize (Allen 2000). Involuntary turnover occurs when an organization decides to terminate the employment contract and similar actions taken on an employee to leave the organization.

Furthermore, Carell et al, (1992), classified turnover as small amount of turnover and excessive turnover: he also indicated that a certain amount of turnover is expected in any organization. However, excessive turnover creates unstable work force and increases human resource costs and causes organizational ineffectiveness.

2.1.3. Avoidable Turnover

Avoidable turnover is something organizations can prevent by hiring, evaluating and motivating their employees more effectively (Sandra Revona 2012).

2.1.4. Unavoidable Turnover

Unavoidable turnover results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse (Sandra Revona 2012).

2.2. Causes of Employee Turnover

Causes of employee turnover have been documented inmany literatures. Those causes includes when the job do not match with the new employee’s expectations, lack of attention from line managers, lack of autonomy, lack of challenge and variety within the work, disappointment with the promotion and development opportunities, disappointment with standards of management, including unapproachable, uncaring and distant behavior and a failure to consult, low salary, poor benefits, lack of job securities, poor recognition and lack of flexibility in scheduling (Pendulwa, 2011).

Accordingly, the turnover causes affect the successes and the activities of the organization at large. It is true that the organizations are nothing without its employee and difficult to survive in a dynamic environment. So, managers should examine the sources of employee turnover and recommend the best approach to fill the gap of the source and they can be in a position to retain

employees in their organization to enhance their competitiveness in the business world (Ongori, 2007). Therefore, managers should play a great role to achieve the objective of the organizations and treating their employees as one of their assets which needs a lot of attention (Samuel and Chipunza, 2009). To improve or reduce employee turnover rates first requires an understanding of the sources and causes of turnover for taking action (Rampur, 2009). Hence, the following causes of employee turnover are considered and categorized into two factors and reviewed from different findings in various studies.

2.2.1. Intrinsic factors

According to Armstrong, the intrinsic motivating factors are "factors that influence people in a certain way such as responsibility, autonomy, interesting and challenging work and opportunities for advancement" (Armstrong, 2006: 254). The intrinsic factors discussed below include job fit, personality and demographic factors.

A) Job fit

According to Grobler, Carell, Elbert, Hatfield, Marx and Van der Schyf (1998), the process of selecting is about the fit between the applicant and the job. Grobler*et al.* (1998: 174) reveal that levels of job satisfaction will increase if there is a good fit between the applicant's personality and the job. It is important that there is a good fit between what the applicant wants and what the institution needs. It was mentioned that "almost half of the employees who voluntarily quit their jobs within a year cited a wrong fit as the reason to leave" (Grobler*et al*., 1998: 174). Whenever there is unbalanced condition on what employees want and what employees get can only be solved through job quit which could be probably involve staff training. According to Grobler*et al*. (1998: 174), candidates who accept a position in an organization and who cannot marry their value system with that of the organization usually do not stay long or they are not productive. Baron (1993: 218) states that "a happy worker is a productive worker".

B) Personality

These authors also conclude that attitude towards work are determined by individual attributes, although situations argue that job characteristics, the world of work and organizational situations, affect people more than individual differences. According to Weiss & Cropanzano

(1996: 1-74), personality might affect the experience of emotional happenings at work which, in turn, may influence job satisfaction.

Staw, Bell & Clausen (1986: 56-77) state that an individual's emotional state predicts satisfaction level over time and across different circumstances. An emotionally maladjusted employee is more likely to be dissatisfied in all situations. Since this discovery there has been much interest in the link between job satisfaction and individual dispositions. It is likely to occur that personality has an impact on job satisfaction.

C) Demographic factors

Demographic factors include variables like age, job level, gender, marital status, the number of dependents and tenure. Some of these factors will be briefly discussed below.

Age: Research shows that older people are generally more satisfied with their jobs than younger people (Martocchio, 1989: 409-414). Older employees are more content and satisfied with their jobs for reasons which include commitment to family (Martocchio, 1989: 409-414).

Marital status: Married employees are generally more satisfied with their jobs (Chambers, 1999: 69-75) postulates that marriage imposes increased responsibilities that make a job more valuable and important. Therefore, married employees are less likely to leave their jobs.

The causal connection between marriage and job satisfaction, however, remains unclear as it is possible that unmarried employees might also report high levels of job satisfaction, given that turnover is dependent on different factors.

2.2.2. Extrinsic factors

Extrinsic factors are factors that reflect the context of the job (Armstrong, 2006:254). These extrinsic factors include benefits and salary packages, job satisfaction, working environment, work load and fairness, intention of employees to leave or stay in the organization etc. Those factors are more likely to affect employee turnover in an organization and it’s up to the organization to take care of it.

A) Benefits and salary packages

Adequate and flexible benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Lockhead and Stephens 2004). Flexibility in benefits packages can enhance retention, as it creates responsiveness to the specific needs and circumstances of individual employees (Rampur, 2009).

Employees always search for organizations that provide more benefits and compensation package. Besides, compensation and lack of challenge and opportunity were the most common factors in contemplating leaving the organization (Ramlall, 2003). It is also found that, unequal or substandard wage structures fall under salary and benefits category as a factor to leave the organization.

In line with salary and benefit packages, assistances or voluntary benefits provided by the organizations encourage employees to stay in the company (Rion, 2009). Organizations also used such assistances for creating good relationship in the organization with employees.

B) Job satisfaction and Working environment

Job status may play an important role in reducing turnover and organizations use it as a career reward and incentive to retain qualified employees (Zhao and Zhou, 2008). Employees who are placed in jobs that are too difficult for them or whose skills are underutilized may become discouraged and quit. Inadequate information about skill requirements that are needed to fill a job may result in the hiring of either under skilled or overqualified workers (Handelsman, 2009). According to (Hicks-Clarke and Ilis, 2000) Effective career management is that at all levels in the organization there are well qualified workers who can assume more responsible positions as needed and that as many members of the organization as possible are highly motivated and satisfied with their jobs and careers.

C) Intention of employees to leave or stay in the organization

As intention to quite or leave is an individual desire or willingness to leave the organization, turnover intention has been found to be one of the major determinants of turnover behavior (Malik, Danish and Munir, 2011).

Organizations have recognized that experienced and qualified people exploit the organization for better incentives as to how to reduce employee's turnover intention is a very crucial challenge for today's human resource managers (Malik, Danish and Munir, 2011).

2.3. Retentions of Employees

Retaining professional and well experienced workers within the organization should be a major task of managers to alleviate the problem arising in recruiting and training which is costy and it consumes money and time to fill the gap of professional workers within the organization. To retain employees, the organizations must review their career plans and reorganize those plans according to the market so that intelligent and talented employees could serve more and would beneficial in the long run (Nadeem et al, 2001). Besides, today employees are the most valuable assets in any company (Ongori, 2007); hence, it is better for organizations to continue working with their current employees than to encourage labor turnover by hiring new employees.

There are a number of factors which can cause turnover including aspect of the job, the organization, the individual, the labor market, salary and family influences (Mantheri and Jackson, 1997: 75). The effect of turnover on key organizational conditions include the level of employee compensation, the level of administrative support for new employees, the degree of conflict and strife within the organization and the degree of employee input into and influence over organization policies. And all these key organizational conditions significantly affect employee turnover (Ingersoll, 2001).

The development of human resource in organization is supposed to be a necessary condition for organizational sustainability and dynamic development than other resources. If not, the organization couldn't achieve its goals and compete in this dynamic business competition and complex modern era. Hence, it is very important to take sensible measures that improve employee's needs.

2.3.1. Effort to Retain Employees

To be effectively retaining workers, employers must know what factors motivate their employees to stay in the organization and what factors cause them to leave. So, reducing employee turnover is a primary goal for almost every HR professional (Catherine, 2002). By reducing employee turnover, organizations save money on recruitment and training, as well as

encouraging a stable and experienced workforce. Since retention of employees is one of the most important on going practices of human resource management, efforts to increase employee retention start with improving the recruitment and training process, but continue on to providing challenging, interesting work, a cooperative work environment and comparable compensation programs (Irshad, 2009). Additional factors that contribute to reducing employee turnover include opportunities for professional growth, additional training, and organizational stability. Therefore, it is always important to keep professional employees in any organization in order to improve the kind of service that is provided to the relevant customers (Nadeem et al. 2011)

2.3.2. Measuring Turnover

Turnover has a significant impact on an organization and this needs to be measured;

The separation rate is calculated as below;

$$\frac{\text{Number of leavers}}{\text{Average №. employed}} x100$$

And the other formula that is used to calculate the retention of more experienced employees, the stability index;

$$\frac{\text{№. Employees with one year's services (or more) on particular date}}{\text{№. Employed one year ago to the date}} x100$$

2.3.3. Retention Strategy

Due to the complexity of retention strategy to implement employees and managers need to be actively involved in the development and implementation of the strategies. Managers need to have a clear understanding of the needs, abilities, goals and preferences of the workforce (Pendulwa 2011). In line with this, more effort should be done to improve retention by taking in to consideration of the many factors such as better recruitment effort, review job content, compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, non-work factors, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, compressed work week, employee involvement, proper exit interview policies for turnover, and recognitions (Rehman, 2012).

According to Samuel and Chipunza (2009) in their findings suggested that certain variables are crucial in influencing employees' decision to either leave or remain in an organization. Such variables include training and development, recognition/reward for good performance, a competitive salary package and job security. On the other hand, the importance of other variables should not be under estimated when formulating a retention policy. It is only a comprehensive blend of intrinsic and extrinsic motivations variables that can enhance retention and reduce the high rate of employee turnover in various organizations (Nadeem et al. 2011). Hence, organizations who need to retain employees must understand the requirements of the employees and the factors that determine strategies to retain employees. This could help in retaining well qualified, experienced and professional employees for the success of the organization. More specifically basic strategies to retain employees include:

A) Competitive and Fair Compensation

Competitive and fair compensation is a fundamental starting point in most strategies to attract and retain good employees specially those employees who provide outstanding performance or unique skill which is necessary to the organization because company finance more money on their training and orientation (Lawler 2005 & Smith 2006). However, there is general agreement that compensation levels do not by itself secure employee retention. The best and common practices include the use of business surveys to point of reference and position wage and salary structures to be fair and competitive. According to (Pires, 2009) enforces this idea by concluding as "Develop competitive compensation and benefit packages. Understand and research market pay ranges in your area and consider the value of benefits and employee perks; offering such extras to your workforce may be the key to your retention efforts".

Employers would be able to retain and attract well-qualified and professional employees if they would make it a point of reference to offer salaries that would be competitive in order to achieve better financial position (Hansen, 2002). By this it would be possibly solve the problem of employees leaving the job based on low salaries. In addition to this employers should also offer attractive benefit packages**.**

B) Recognition and rewards

Recognition and rewards for employees who provide outstanding performance were found to have appreciably accelerated retention of employees in the organization. Moreover, it may contribute to respect and appreciation for employees in their workplace, and strengthen employee commitment to their duty at large. Rotundo (2002) in his study contends that reward systems should be a weighty domain of innovation for employer. Recognition and Rewards include a formal and informal, financial and non-financial incentives given to individual employees or groups of employees or to an entire staff. They include such things as employee of the month awards, prizes, clothing and etc.

C) Training, Professional Development, and Career Planning

According to (Dobbs, 2001) training, professional development and career planning are effective ways to enhance employee retention. Training constitutes a visible investment that the company makes in the worker, providing him or her with new skills, and greater competencies and confidence. Dobbs (2001) further stated that "training often leads to work that is more intrinsically rewarding. Combined with effective communication about how an employee's efforts at developing skills will lead him or her to more challenging and meaningful positions within the company and training encourages workers to make longer term commitments to their workplace. It permits them to see a future with the company". Many have put in place effective internal promotion programs that allow even their unskilled and semi-skilled workforce to move towards positions of greater responsibility and remuneration within the company (Dobbs, 2001). Catherine (2002) indicated that career development plan for the employees play a vital role in the retention of employees. Providing these career development opportunities helps to restrict employees from leaving the organization and increase in loyalty.

D) Orientation

Preliminary orientation to the new employee can help to join together into the workplace and also help to make the new person feel comfortable and provide him or her information about how to cope with the demands of the workplace, and any possible problems that may arise. The employee customizes the work environment as soon as possible through induction process and it can help to retain employees to employer (Robbins, 2003).

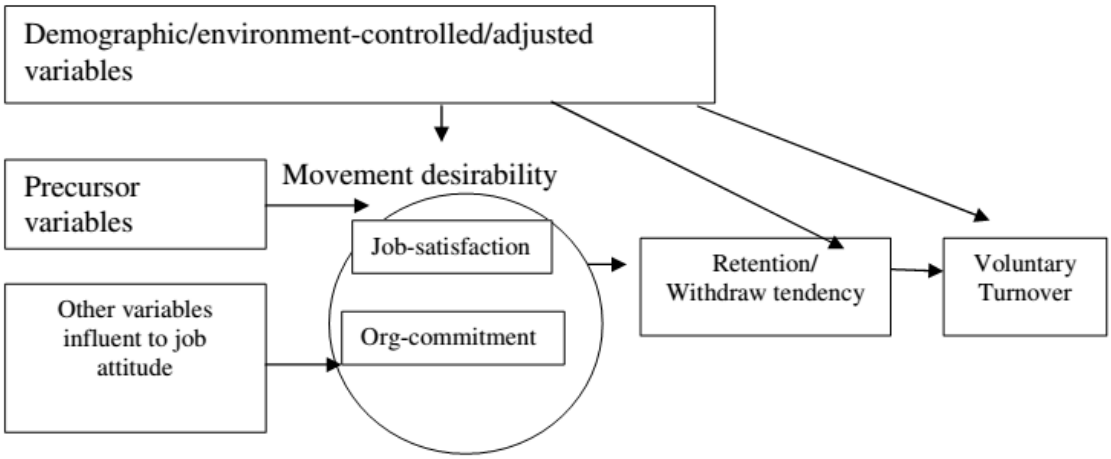
E) Conducive Working Environment

The researcher is forming the conclusion that flexible work schedule will increasingly be an important issue in the efforts to retain an organization's critical employees (Dobbs, 2001). Rehaman (2012) argued that future opportunities for the employees also help in retaining employees because these opportunities are associated with more pay, additional work responsibilities, superior work environment and different incentives plans. Enhancing open lines of communication between managers and employees can improve the overall quality of working relationships. Many interventions designed to make the workplace more hospitable can lead to improved retention (Griffeth&Hom, 2001).

2.3.4. Managing Staff Retention

It is important to keep professional people in an organization. According to (Dobbs, 2001) the best organizations design, implement and leverage systems that detect warning signals projected by dissatisfying employees and therefore, managers and organizations should try by all means to be ahead of their competitors in retaining their employees by learning how to focus on key employee satisfiers and dissatisfies. Therefore, it is important for an organization to develop retention plans, including relationship building with the key staff to manage high employee turnover which may have an impact in the organizational situation of high vacancy rate which is to loss of effective service delivery.

2.4. Theories of Turn-over



Source: Asmamaw Argeta (2011)

Employee turnover is the most studied events in the past and several theories have been developed to explain why employees voluntarily decide to leave their current organization. These include the Theory of Organizational Equilibrium, the Met Expectation and the Linkage Theory of turnover.

2.4.1. Organizational Equilibrium Theory (OET)

Nawaz, Rahman and Siraji (2009), stated that Employee Turnover occurs when individuals perceive that their contributions to an organization exceed the inducements they received from that organization. According to Osamu (1994), an individual tries to satisfy his needs or motives, in many cases he cannot get enough satisfaction due to many types of human limitations. When an individual cannot get satisfaction, he will withhold or withdraw his contributions and will separate from the organization. According to this theory, employees are looking from the organization to provide incentive that balance their contribution. This indicates when the incentive offered by the organization to the employees is less than their contribution, employees become dissatisfied with the inducement and this leads to turnover.

2.4.2. Met Expectation Theory

Premack and Davis (1992) stated that the concept of met expectations as the discrepancy between what a person encounters on the job in the way of positive or negative experiences and what he expected to encounter. Employees' expectations may include fair remunerations, advancement, and good relationship with colleagues and supervisors, suitable working environment, and appropriate work assignment. The essential thought of this theory is that when an employer fails to fulfill an employee's expectations, it will lead to employee turnover.

2.4.3. Linkage Model

Linkage model explains a series of interrelated links between job satisfaction and voluntary employee turnover. In this model one major factor is considered by job dissatisfaction which leads a series of withdrawal intensions like thoughts of quitting, job search intension and fringe benefits comparison, this behaviour ultimately is the cause for high voluntary employee turnover (Nawaz, Rahman and Siraji, 2009).

2.5. Empirical Literature

Some study shows that turnover is likely to be higher in larger, centralized organizations and there is also a higher turnover in urban areas then rural areas and the most common reason for staff turnover are;

- Promotion outside the organization
- Lack of career and development opportunities
- Change of career
- Level of pay
- Lack of support from line management

Studying about factors affecting rate of turnover of MPOs (medical promotion officer) TanuirAlam, Shahind (2012) found that most of them are not satisfied with their jobs and so they are not motivated and for this their turnover tendency is high. The MPOs are dissatisfied with their job security, social status, working load, visit to retailers' shop, sales target, no room for family, not getting the retirement benefit and not getting the family insurance support.

A study made by Anthony And Irene shows that 80.8% of the respondents said they were not satisfied with their incentives. They also expressed a generally low agreement with management's assertion that they had shown interest in motivating them.

Another study by Asiamah Samuel (2011) shows 70.8% of the respondents said they were not satisfied with their current motivation packages. Respondents strongly agreed that good manager-employee relationship can cause core employees to be retained. About 81.2% of the

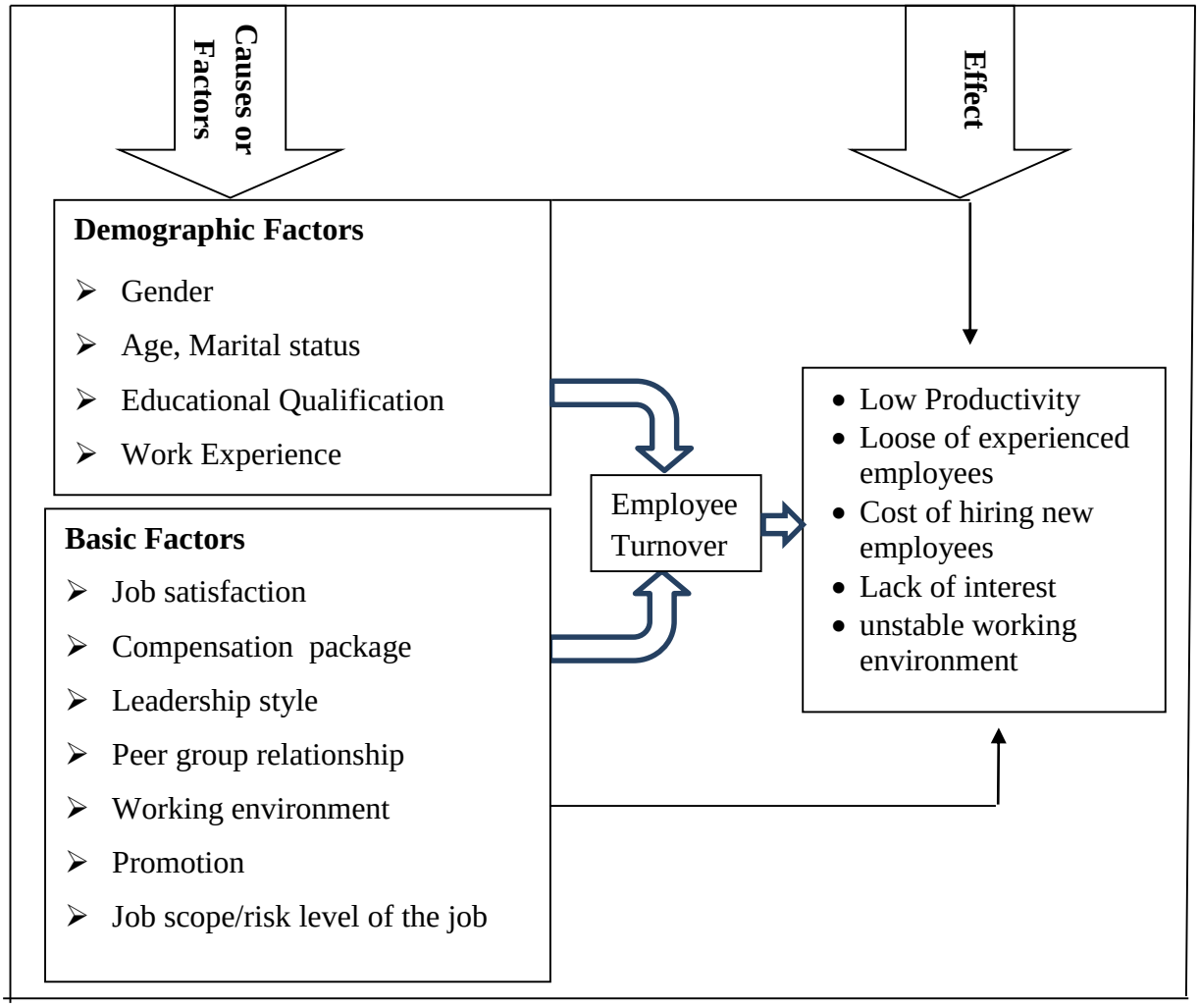
respondents were not satisfied with the mode of selection for training and development and has led to feeling of inequity, de-motivation and labour turnover.

When looking at the study made by Asmamaw Argeta at MOFED stated that Management of the organization is not committed to provide everything that employees need for work. The study shows un attractive financial issues, poor management regarding to performance based position ,un satisfying terminal and pension benefits and problem of the management in providing clear path for employees to advance their career. Giving all the problems Employees stayed in the organization because they do not have other alternative job and Employees of the organization clearly identified the mismatch between the position the hold and the skill and knowledge they have. Most employees of the organization have no sense of belongingness to the organization so interpersonal relationship in the organization is not attractive. Disciplinary measures of the organization are not properly laid dawn. Management of the organization is not impartial for overall benefits of the organization, Supervisors of employees have not arranged flexible working condition. Higher officials of MoFED do not allowed employees to participate in decision making process. As the Ex-employees gained nothing while they were at MoFED and most ex-employees believe in conducive working environment of the organization. So most ex-employees left the organization because low salary scale and other benefit packages.

2.5.1. Theoretical Frame Work

Based on the overall review of related literatures and the studies made, the following was frame work was developed.

Figure -2.1: Theoretical Frame Work



Source: *Researchers own framework Review of Related Literature*

CHAPTER THREE

RESEARCH DESIN AND METHODOLOY

In general when we say research desighn and methodology, it means that the strategic decision applied in designing and conducting the research study. And the specific research desighn, method and other procedures have been presented below.

3.1. Research Design

This study adopted descriptive research design using both primary and secondary methods of data collection. Descriptive study according to Juliet (2004) enables the researcher to collect information from a cross-section of a given population. It is the most commonly used research method in social research. Juliet (2004), Further indicates that results from such a survey method are easily extrapolated to the entire population. Besides this, the method is time saving, and less costly, the fact that the population is big and the researcher is meeting all the costs. The secondary data was collected from annual and monthly reports of the organization and other relevant sources. And the primary data collection methods are discussed below.

In terms of time horizon, Saunders et al (2007) has classified research design into longitudinal or cross-sectional. A cross- sectional design focuses on a particular phenomenon at a specific period of time. In this case, one sample of a population can be taken and studied at a particular time as in a single cross-sectional study or two or more samples of a target population could be studied once as in multiple cross-sectional study (Malhorta &Birks, 2007). On the other hand, longitudinal study is a study where a particular phenomenon is studied at different period of time. In this study, the researcher had used a cross-sectional study because data were collected from a cross-sectional of management staff, and professional and ex- employees of ERCA.

3.2. Instruments of Primary Data Collection

3.2.1. Questionnaire Survey

The study used a self-administered questionnaire. The questions prepared for the ERCA‘s employees was Close ended.

3.2.2. Interviews

Face to face interviews were carried out with the ex-employees to cross check the response from the questionnaire. These was designed in a way that is more specific and to support responses regarding questioner's truthfulness. These helps to capture information not provided by the questionnaires.

3.3. Source of Data

The study had used both secondary and primary data sources. The secondary data were collected via detailed review of related literature i.e. books, articles, journals, magazines, bulletins, documents on Turnover management and its effect on employee turnover on organizational performance. Also many other relevant written publications were taken into consideration. The researcher used primary data that was collected via questionnaire and interview.

After ascertaining the reliability of the instruments, the researcher proceed to administer the area of study. The questionnaires and Interviews were conducted by the researcher. The data collected was computed with the use of computer, edited to minimize errors. Then data was grouped into tables and graphs.

3.4. Sample Size and Sampling Techniques

As the research adopts primary data collection methods, the researcher used both probability and non-probability sampling to select the respondents from the total population being included in the study.

The populations of this study are all workers of ERCA head office. And the sample was determined by the standard sampling formula

The total number of the population of ERCA is 1047 employees as per ERCA's data bases as of Dec, 2014. To conduct the study 1047 of the total population 290 employees are considered as respondents to collect primary data using the formula below**.**

$$n = \frac{N}{1 + NE^2}$$

Where: n: Sample size

N: Population

E: Margin of error, Source: Glenn D. (2013)

The researcher uses both probability and non-probability sampling to select the respondents from the total population being included in the study**.**

Accordingly, for probability sampling for selecting respondents using questionnaire, the researcher used simple random sampling where the respondents are any employees in ERCA head office.

From the non-probability sampling, purposive sampling technique was used to collect data from the ex-employees of ERCA using interview.

3.5. Procedures of Data Collection

The researcher has required permission from the ministry to conduct the study and after permission was approved, the questionnaires were distributed to the respondents, interviews were made and their feedback was gathered.

3.6. Method of Data Analysis

Information obtained from questionnaires, interviews and document analysis were regularly updated. Qualitative data was analyzed using a statistical package (SPSS). The researcher used a qualitative research design using descriptive statistics such as frequency counts, percentage charts and averages for structured Item meanings are contextualized, interpreted and organized according to their sources. The collected data was analyzed and then discussed.

Descriptive statistics analysis was applied for the presentation, interpretation and discussion parts on various dimensions of the evaluation system. Frequency tables, charts, graphs, figures and percentages were used as appropriate to analyse, interpret, tabulate and present the result of the study.The data gathered through questionnaires was coded, entered into computer and analyzed and presented in the form of charts, diagrams, and tables by using SPSS Statics version 20 . The results of the interview questions were integrated to the responses of management and employees through questionnaires and were analyzed accordingly. Finally, conclusions were made based on the results/findings of the study and recommendations were forwarded on the basis of the data analyzed.

3.7. Ethical Considerations

Regarding ethical consideration an attempt was made to ensure all respondents to keep their identity and responses as confidential in order for all the information to be given in full confidence. The questionnaire was distributed based on willingness of each respondent. In addition, the purpose of the questionnaire and interview was clearly indicated beforehand within questions. Moreover, face to face discussions were made with open ended questions.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter deals with data presentation,analysis and interpretations of the analysed data. It includes two major analysis techniques. The first section presents and demographic features of respondents which are the subject of the study and the second section of the chapter discusses the results and implications of the findings.

4.1. Demographic Characteristics of Respondents

The demographic characteristics part of the questionnaire includes the personal futures like age, gender,educational qualification, working experience and marital status. The details are as follows;

Table 4-1 Demographic Characteristic of the Respondents

№	Item	Measurement	Freq.	Percentage	
				Valid %	Cumulative %
1	Gender	Male	165	56.9	56.9
		Female	125	43.1	100
		Total	**290**	**100**	**-**
2	Age	Less than 25	58	20.0	20.0
		26 – 30	93	32.0	52.0
		31 – 35	64	22.0	74.0
		36 – 40	46	16.0	90
		More than 40	29	10.0	100
		Total	**290**	**100**	**-**
3	Educational Qualification	10 + 2	52	18.0	18.0
		Diploma holder	58	20.0	38.0
		First degree	75	26.0	64.0
		Second degree	104	36.0	100.0
		PhD	0	0	100.0
		Total	**290**	**100**	**-**
4	Working Experience	Less than a year	26	9.0	9.0
		1 – 2 years	29	10.0	19.0
		3 – 5 years	90	31.0	50.0
		5 – 10 years	110	38.0	88.0
		More than 10 years	35	12.0	100.0
		Total	**290**	**100**	**-**
5	Marital Status	Married	180	62.0	62.0
		Single	110	38.0	100.0
		Total	**290**	**100**	**-**

Source: *Own survey, 2015*

Item -1 shows the summary of respondents' demographic factors. Accordingly, Item -1 of the table indicates out of 290 respondents, 56.9% is male and the rest 43.1% is female. Based on the information, we can infer that the majority of employees currently working At ERCA organizations are male.

Item -2 of the table specifies age distribution of the respondents. As the result the greatest number,32% of the respondents are in their 26 to 30 age group, followed by respondents aged 31-35 to 36 to40 and More than 40; 22.0%, 16.0% and 10% respectively. So, the majority of current employees are young and mature active enough professionals.

Item -3 of the table is concerning the educational qualification of the respondents. Consequently, the largest numbers of the respondents 36.0% second degree holder followed by First degree holder 26.0% where as 20% diploma holder and only 18% of the respondents have 10 + 1 certificates. There are no respondents who are PhD qualified. Depending on the respondents' response, one can conclude that the majority of employees in the organizations are professional enough.

Item -4 of the table is regarding the working experience or service years of the respondents in the organizations. It indicates that 38.0% of respondents have been working in the organizations for 5 to10 years, 31.0% for 3 to 5 years, 12.0% for more than 10 Years, and 10% have been working for 1 to 2 years, and 9% less than a year each. Therefore, the majority of the respondents have been working for 5 to 10 years in the organizations. So, this is significant for the soundness of the data that provided by the respondents since those who have more stayed in the organizations know more about the organizations and assumed to be they can offer precise information.

Item -5 of the table also points toward the marital status of the respondents. Accordingly, 62.0% of the respondents currently working in the organizations are married whereas 38.0% are single. Thus, based on the respondents response obtained, it can be possible to generalize that employees of the organizations are mostly married and being married may be advantageous for the organizational goal achievement because married employees are more stable to stay in the organization than single employees.

4.2. Data Analysis

In this section the data obtained on employee turnover from organizations' report, interview conducted with human resource managers of ERCA, and data collected through questionnaires from professional employees currently working at ERCA, And From Ex-employees of Organizations are analyzed, presented and interpreted by using percentage.

In order to answer the questions in the questionnaire respondents have to select their choice of answer based on the five point scale according to their opinion on each question. The five-point scale is used to measure the level of the factors as shown in Table 4.1

Table 4-1 Five-Point Scale

Five-Point Scale

№	Choices	Score
1	Strongly Agree	1
2	Agree	2
3	Neither agree or nor disagree	3
4	Disagree	4
5	Strongly Disagree	5

Source: *Research Questionnaire, 2015*

Table 4-2. Current employees opinion about pay and benefit system

№	Item	Description	Response Category					
			SA	A	D	SD	NAD	Total
1	Salary related to performance	Frequency	68	106	58	26	31	**290**
		Valid %	23.44	36.56	20.05	9.12	10.83	**100**
		Cumul %	23.44	60.00	80.05	89.17	100.00	**-**
2	Benefit in accordance with the risk employees take	Frequency	24	78	112	47	30	**290**
		Valid %	8.14	26.86	38.52	16.30	10.18	**100.00**
		Cumul %	8.14	35.00	73.52	89.82	100.00	**-**
3	Incentive given to the employees	Frequency	15	78	113	67	17	**290**
		Valid %	5.02	26.98	38.99	23.08	5.93	**100.00**
		Cumul %	5.02	32.00	70.99	94.07	100.00	**-**

Source: *Own survey, 2015*

Table-4.2.1 shows the summary of to what extent respondents agree or disagree about their Salary System in their organizations. As shown in Item-1 of the table, 9.0% and 20.0% of the respondents strongly disagree and disagree respectively about their pay is adequate for normal payment. In contrast, 36.56% and 23.44% agree and strongly agree whereas 10.0% neutral. Item -2 of the table revealed 16.30% and 38.52% of the respondents strongly disagree and disagree respectively regarding their satisfaction with their benefit. On the other hand, 26.86% and 8.14% agree and strongly agree while 10.18% neutral. Item -3 of the table indicates 23.08% and 38.99% of the respondents strongly disagree and disagree respectively happy with the incentive given by ERCA. But 5.02% and 26.98% agree and strongly agree regarding the question while 5.93% are neutral.

From the response one can conclude that employees are satisfied with organizations' payment system at ERCA.

Table 4-3 Relationship with management

№	Items	Description	Response Category					
			SA	A	D	SD	NAD	Total
1	Management of ERCA shows a genuine interest in solving problems leading to turnover	Frequency	10	57	149	57	18	**290**
		Valid %	3.40	19.60	51.30	19.52	6.18	**100.00**
		Cumul %	3.40	23.00	74.30	93.82	100.00	-
2	Management is fair and respectfull when treating employee	Frequency	6	46	163	64	10	**290**
		Valid %	2.11	15.89	56.33	22.18	3.49	**100.00**
		Cumul %	2.11	18.00	74.33	96.51	100.00	-
3	Management keeps the employees informed on work/current issue	Frequency	65	89	67	56	14	**290**
		Valid %	22.33	30.56	23.00	19.24	4.87	**100.00**
		Cumul %	22.33	52.89	75.89	95.13	100.00	-

Source: *Own survey, 2015*

Table- shows the summary of to what extent respondents agree or disagree about management System at ERCA. As shown in Item -1 of the table, 19.52% and 51.30% of the respondents strongly disagree and disagree respectively about the management system at ERCA. In contrast, 19.60% and 3.40% agree and strongly agree whereas 6.18% neutral. Item -2 of the table revealed 22.18% and 56.33% of the respondents strongly disagree and disagree respectively regarding the managements fair treatment. On the other hand, 15.89% and 2.11% agree and strongly agree while 3.49% neutral. Item -3 of the table indicates 19.24% and 23.00% of the respondents

strongly disagree and disagree respectively happy about work issues. But 30.56% and 22.33% agree and strongly agree regarding the question while 4.87% neutral.

From the response one can conclude that employees are Dissatisfied with ERCA's management system. This finding consides with the finding of Antony and Irene (2009), which conclude that low management's assertion and desatisfaction with insentives leades employees to resign fro their job.

Table 4-4 Job satisfaction, job security and motivational factors

№	Items	Description	Response Category					
			SA	A	D	SD	NAD	Total
1	Employees feel secured in their job	Frequency	9	33	83	123	41	**290**
		Valid %	3.20	11.50	28.65	42.57	14.08	**100.00**
		Cumul %	3.20	14.70	43.35	85.92	100.00	**-**
2	Employees are satisfied with their current job	Frequency	55	56	97	54	28	**290**
		Valid %	18.91	19.22	33.44	18.63	9.80	**100.00**
		Cumul %	18.91	38.13	71.57	90.20	100.00	**-**
3	Employees have good promotion and ability to grow in their job	Frequency	58	82	95	50	4	**290**
		Valid %	20.01	28.44	32.88	17.12	1.55	**100.00**
		Cumul %	20.01	48.45	81.33	98.45	100.00	**-**
4	The organization gives enough recognition for well done work and appreciat the employees	Frequency	32	36	97	122	3	**290**
		Valid %	11.00	12.44	33.44	42.11	1.01	**100.00**
		Cumul %	11.00	23.44	56.88	98.99	100.00	**-**
5	Employees are satisfied with the motivational policy of the organization.	Frequency	6	12	35	227	9	**290**
		Valid %	2.20	4.10	12.08	78.41	3.21	**100.00**
		Cumul %	2.20	6.30	18.38	96.79	100.00	**-**

Source: *Own survey, 2015*

Table-4.7 shows the summary of to what extent respondents agrees or disagrees. Item -1 of the table indicates how they felt secured at their job 11.50% and 3.20% of the respondents agree and strongly agree respectively that they feel satisfied with their current job. However, 42.57% and 28.65% disagree and strongly disagree in that order and 14.08% neutral about the question. From the response, one can understand the majority of the employees don't feel secure at their job in ERCA. As shown in Item -2 of the table, 33.44% and 18.63% of the respondents disagree and strongly disagree about job satisfaction at their organizations In contrast, 18.91% and 19.22% agree and strongly agree respectively whereas 9.80% were indifferent to response. From the

response, one can understand the majority of the employees are dissatisfied with their current job. As per Item -3 of the table, 28.44% and 20.01% of the respondents agree and strongly agree respectively about promotion given at ERCA. However, 32.88% and 17.12% disagree and strongly disagree with regard the question while 1.55% neutral. From the response, one can understand the majority of the employees are not happy with the promotion given at ERCA. This finding also consides with Huntley M. (2010) wich concludes that lack of growth and development, lack of respect by the management and lack of adequate compensation were causes of employee turnover.

According to Item -4 of the table, 12.44% and 11.0% of the respondents agree and strongly agree respectively for the recognition given by ERCA. On the contrary, 33.44% and 42.11% disagree and strongly disagree. Even though, 1.01% neutral about the question. Grounded on the response, we can conclude that employees showing a great dissatisfaction for the recognition given by ERCA. Item -5 of the table indicates 4.10% and 2.20% of the respondents agree and strongly agree about ERCA's motivational policy. On the other hand, 12.08% and 78.41% disagree and strongly disagree respectively whereas 3.21% neutral. This implies that the majority of the respondents are not happy with ERCA's motivational policy. This finding is highly suported by research made on assessment of motivational policy in the same organization by Aster (2013). Asiamah Samuel (2011) also finds that dissatisfaction with current motivational policy was one of the main causes of employee turnover.

Table 4-5 Working environment, work load and fairness

№	Items	Description	Response Category					
			SA	**A**	**D**	**SD**	**NAD**	**Total**
1	Satisfied with the overall work environment of the org.	Frequency	25	42	128	70	25	**290**
		Valid %	8.52	14.65	44.12	24.11	8.60	**100.00**
		Cumul %	8.52	23.17	67.29	91.40	100.00	**-**
2	The amount of work load in current job is reasonable and sound	Frequency	44	91	82	63	11	**290**
		Valid %	15.16	31.22	28.11	21.78	3.73	**100.00**
		Cumul %	15.16	46.38	74.49	96.27	100.00	**-**
3	ERCA is fair in general and treats employees fairly	Frequency	42	48	160	32	9	**290**
		Valid %	14.54	16.44	55.05	11	2.97	**100.00**
		Cumul %	14.54	30.98	86.03	97.03	100.00	**-**

***Source: Own survey**, 2015*

Tabl-4.12 demonstrates the extent to respondents agree or disagree about their working environment in their organizations. Accordingly, Item -1 of the table shows 44.12% and 24.11% disagree and strongly disagree respectively concerning they are working under the unclean environment. However, 8.52% and 14.65% strongly agree and agree while 8.60% neutral. Item -2 of the table displays 28.11% and 21.78% disagree and strongly disagree respectively about the work load. On the other hand, 31.22% and 15.16% agree and strongly agree whereas 3.73% neutral. From this we can say that work load at ERCA is reasonable, Item -3 of the table indicates 55.08% and 11.0% disagree and strongly disagree in that order regarding they are working under a fair organization. In contrast, 16.44% and 14.54% agree and strongly agree while 2.97% indifferent about the issue. Based on the responses, one can conclude that most of the employees complain about ERCA's working environment. This finding is supported by researchs like Musa kahan (2013).

Table 4-6 Intention to leave or stay

№	Item	Description	Response Category					
			SA	A	D	SD	NAD	Total
1	There is intention of leaving the organization since no career advancement.	Frequency	64	76	72	52	25	**290**
		Valid %	22.12	26.33	24.66	18.1	8.79	**100.00**
		Cumul %	22.12	48.45	73.11	91.21	100.00	-
2	Employees are not satisfied with the work environment and have intention to look for outside opportunities	Frequency	77	68	86	41	18	**290**
		Valid %	26.41	23.55	29.56	14.22	6.26	**100.00**
		Cumul %	26.41	49.96	79.52	93.74	100.00	-
3	Employees fed up with working at ERCA and searching for a better job.	Frequency	62	67	90	44	27	**290**
		Valid %	21.54	23	31.1	15.2	9.16	**100.00**
		Cumul %	21.54	44.54	75.64	90.84	100.00	-
4	Employees would left ERCA for better jobs	Frequency	42	77	90	59	23	**290**
		Valid %	14.5	26.49	30.95	20.2	7.86	**100.00**
		Cumul %	14.50	40.99	71.94	92.14	100.00	-
5	Have no intention to resign from the org. within a short time	Frequency	67	72	120	19	12	**290**
		Valid %	23.2	24.99	41.3	6.45	4.06	**100.00**
		Cumul %	23.20	48.19	89.49	95.94	100.00	-

Source: *Own survey, 2015*

According to Item -1 of the table, 22.12% and 26.33% of the respondents agree and strongly agree respectively about quitting their job On the contrary, 24.66% and 18.1% disagree and

strongly disagree. Even though, 8.79% neutral about the question. Item -2 of the table indicates 23.57% and 26.41% of the respondents agree and strongly agree how much they are not satisfied with their current job. On the other hand, 29.56% and 14.22% disagree and strongly disagree respectively whereas 6.26% neutral. As displayed in Item -3 of the table, 23.0% and 21.54% of the respondents agree and strongly agree about looking for a better job. But 31.1% and 15.2% disagree and strongly disagree about the issue while 9.16% neutral. Along with Item -4 of the table, 26.49% and 14.5% agree and strongly agree respectively about they are interested in other job. However, 30.95% and 20.2% disagree and strongly disagree whereas 7.86% neutral about the issue.

Item -5 of the table, 24.99% and 41.3% agree and strongly agree respectively about they are interested in their current job and wanted to stay. However, 41.3% and 6.45% disagree and strongly disagree whereas 4.06% neutral about the issue. Grounded on the response, we can conclude that employees are not interested in working at ERCA.

Table 4-7 Demographic Characteristic of the Ex-Employees Respondents

S/n	**Items**	**Measurement**	**Freq.**	**Percentage**	
				Valid %	**Cumulative %**
1	Gender	Male	25	65.8	65.8
		Female	13	34.2	100
		Total	**38**	**100**	**-**
2	Age	Less than 25	8	21.1	21.1
		26 – 30	14	36.8	57.9
		31 – 35	12	31.6	89.5
		36 – 40	4	10.5	100
		More than 40	0	0.0	100
		Total	**38**	**100**	**-**
3	Educational Qualification	10 + 2	8	21.1	21.1
		Diploma holder	6	15.8	36.8
		First degree	10	26.3	63.2
		Second degree	14	36.8	100.0
		PhD	0	0	100.0
		Total	**38**	**100**	**-**
4	Working Experience in the organization	Less than a year	2	5.3	5.3
		1 – 2 years	5	13.2	18.4
		3 – 5 years	9	23.7	42.1
		5 – 10 years	14	36.8	78.9

		More than 10 years	8	21.1	100.0
		Total	**38**	**100**	**-**
5	Marital Status	Married	11	28.9	28.9
		Single	27	71.1	100.0
		Total	**38**	**100**	**-**

Source: *Research Questionnaire, 2015*

Table-4.1 shows summarized respondents' demographic characteristics. Accordingly, Item -1 of the table indicates out of 38 respondents, 65.8% is male and the rest 34.2% is female which shows that the male population is dominant. Item -2 of the table specifies age distribution of the respondents. Accordingly 36.8% of the respondents are in their 26 to 30 age group, followed by respondents aged 31 to 35, 36 to 40, less than 25 and more than 40; 31.6%, 21.1%, 10.5% and 7.5% respectively. This shows that almost 88% of current employees at the organizations are less than age group of 40 years. So, the majority of current employees are young and mature active enough professionals.

Item-3 of the table accounts the educational qualification of the respondents (ex-employees). Consequently, the largest numbers of the respondents 36.8% are second degree holder's followed by first degree holder 26.3% whereas 21.1% are 10+2 certificate holders and 15.8% are diploma holder. There are no respondents who are PhD qualified. Depending on the respondents educational back ground one can conclude that the majority of ex-employees are professional enough. This shows that the organization is losing more professional employees with second degree and the workers with low profession like janitors, drivers and guards.

The interview with the HRM also confirm this finding and it shows that this can be due to the absence of structure which handles the second degree holders and lack of motivational packages to both the professional and supportive class employees.

Item-4 of the table is regarding the working experience or service years in the organization of the respondents. It indicates that 36.8% of respondents worked in the organizations for 5-10 years before they live the organization, 23.7% worked for 3 to 5 years, 21.1% for more than 10 years, 13.2% for 1 to 2 years and 5.3% have worked for less than a year all before they live the Organization. Therefore, the majority of the ex-employees worked for 5 to 10 years in the organizations before the quite their job and this shows that ERCA losses experienced and educated professionals. Item -5 of the table also points toward the marital status of the

respondents. Accordingly, 71.1% of the ex-employees of the organization are single and the rest 28.9 are married. This is because single employees are more risk takers whereas married employees are risk averse and more stable than single employees in their nature.

A. Ex-Employees

Table 4-8 Impact of benefit and salary packages on employee turnover

№	Items	Distribution	Response Category					Total
			SA	A	D	SD	NAD	
1	Employees left ERCA because they felt that they were not paid in comparison to the experience, responsibilities and qualification they posess	Frequency	2	3	15	10	8	38
		Valid %	5.26	7.89	39.47	26.32	21.05	100
		Cumul %	5.26	13.15	52.63	78.95	100.00	-
2	Employees left ERCA because of unequal payment with other org. doing similar works	Frequency	7	9	10	9	3	38
		Valid %	18.42	23.68	26.32	23.68	7.89	100
		Cumul %	18.42	42.11	68.42	92.11	100.00	-
3	Employeesleft ERCA because they were not happy with the value and amount of salary increments recived	Frequency	3	5	17	10	3	38
		Valid %	7.89	13.16	44.74	26.32	7.89	100
		Cumul %	7.89	21.05	65.79	92.11	100.00	-
4	Employees left ERCA because of dissatisfaction with the benefits given and motivational policy.	Frequency	15	12	5	0	6	38
		Valid %	39.47	31.58	13.16	0.00	15.79	100
		Cumul %	39.47	71.05	84.21	84.21	100.00	-

Source: *Own survey, 2015*

As indicated in table 4.10 the respondents were asked if they left ERCA because they felt that they were not paid in comparison to their experience, responsibilities and qualification. In this view, 39.5% replied that they disagree with this idea, 26.32% replied they strongly disagree, 21.05% answered neither disagree nor agree, 7.9 and 5.3 replied they agree and strongly agree with the idea respectively. This shows the majority (almost 65.8%) disagrees with the idea and so payment or salary is not the main cause of the high turnover in the organization.

On the other hand in Item-2 of table 4.3 the ex-employees were asked if they left ERCA because the amount of pay they received for their job was not equal to others doing similar works in other

organizations. In this regard 26.32% disagreed, 23.68% strongly disagreed, 23.68% agreed, 18.42% strongly agreed and the rest 7.89% were indifferent. The majority (50%) disagreed with the idea which shows payment lower than other similar organizations is not the main cause of high employee turnover.

Item-3 of the table explores if the ex-employees left ERCA because of dissatisfaction with the salary increment they received. Accordingly 44.74% replied that they disagree with this idea, 26.32% replied they strongly disagree, 13.16% and 7.89% replied agree and strongly agree and the rest 7.89% are indifferent. The majority (71%) disagreed with the idea and this shows that salary increment is not cause of the high employee turnover.

The last Item of the table asks the ex-employees if they left ERCA because they were not happy with the benefits given and motivational policy of the organization: On this regard 39.47% strongly agreed with the idea, 31.58% agreed, 15.79 said they neither agree nor disagree and the rest 13.16 replied that they disagree with the idea. While the majority (71.05%) agreed with the idea this shows that benefits given and motivational policy of the organization is the critical cause of this high employee turnover in the organization.

Table 4-9 Influence of employee management relationship on turnover

№	Items	Distribution	Response Category					Total
			SA	A	SD	D	NAD	
1	Employees left ERCA because the management did not show a genuine interest in fixing the problem in thier role	Frequency	5	20	8	4	1	38
		Valid %	13.16	52.63	21.05	10.53	2.63	100
		Cumul %	13.16	65.79	86.84	97.37	100.00	-

Source: *Own survey, 2015*

Table-4.4 asks if the ex-employees left ERCA because of the management did not show a genuine interest in fixing the problem in their role. On this regard 52.63% agreed with the idea, 21.05%, 13.16% agreed and 10.53% strongly disagreed with the idea. As the majority (65.79%) of the respondents agree with the idea we can conclude that lack of genuine interest by the management to solve the problem aggravates the high turnover and it is a cause of high employee turnover.

Table 4-10 Job satisfaction and related factors

№	Items	Distribution	Response Category					Total
			SA	A	D	SD	NAD	
1	Employees left ERCA because they don't feel secured in their jobs.	**Frequency**	8	23	5	2	0	38
		Valid %	21.05	60.53	13.16	5.26	0.00	100
		Cumul %	21.05	81.58	94.74	100.00	100.00	-
2	Employees left ERCA because thier job had not good promotion	**Frequency**	8	18	10	2	0	38
		Valid %	21.05	47.37	26.32	5.26	0.00	100
		Cumul %	21.05	68.42	94.74	100.00	100.00	-
3	Employees left ERCA because the organization did not give enough recognition for well done work	**Frequency**	10	17	5	4	2	38
		Valid %	26.32	44.74	13.16	10.53	5.26	100
		Cumul %	26.32	71.05	84.21	94.74	100.00	-

Source: *Own survey, 2015*

Table 4.5 tries to explore the opinion of the ex-employees of ERCA about the role of job satisfaction and related factors in pushing them to quit their jobs. In this regard Item-1 of table 4.5 asks if they left the organization because they don't feel secured in their jobs. Thus majority (60.53%) replied that they agree with the idea, 21.05% also strongly agree, 13.16 and 5.26 replied that they disagree and strongly disagree with the idea respectively. This shows that lack of secured working environment is one of the main causes of high turnover in the organization.

Item-2 of the table tries to identify if the ex-employees left ERCA because their job had not good promotion. On this regard 47.37% replied that they agree, 26.32 replied they disagree, 21.05 replied that they strongly agree and the rest 5.26% replied that they strongly disagree. The majority (68.42%) agreed with the idea; thus, lack of good promotion is also one of the main causes of employee turnover.

Item-3 of table 4.5 makes sure that if the ex-employees left ERCA because the organization did not give enough recognition for well done work and they were not appreciated at work. According to the respondents, 44.74% replied that they agree, 26.32 replied they strongly agree, 13.16 replied they agree, 10.53% replied they strongly disagree and the rest 5.26% neither agree nor disagree. According to this the majority which are 71.06% agree with the idea and from this we can say that lack of recognition for well done work and appreciation by the organization is another reason of high employee turnover.

Table 4-11 Working environment, work load and management decision fairness

№	Items	Distribution	Response Category					Total
			SA	A	D	SD	NAD	
1	Satisfaction with the overall work environment of the organization	**Frequency**	9	18	7	3	1	38
		Valid %	23.68	47.37	18.42	7.89	2.63	100
		Cumul %	23.68	71.05	89.47	97.37	100.00	-
2	Left because of mismatch work load with the benefit recived.	**Frequency**	17	12	3	0	6	38
		Valid %	44.74	31.58	7.89	0.00	15.79	100
		Cumul %	44.74	76.32	84.21	84.21	100.00	-
3	Left ERCA because management decition was unfair	**Frequency**	12	17	3	2	4	38
		Valid %	31.58	44.74	7.89	5.26	10.53	100
		Cumul %	31.58	76.32	84.21	89.47	100.00	-

Source: *Own Survey, 2015*

Table 4.6 asks the respondents about the role of working environment, work load and management decision fairness issues on employees turnover. In this regard Item-1 of table 4.6 asks if they left the organization because they were not satisfied with the overall work environment of the organization. Thus 47.37% replied that they agree with the idea, 23.68% also strongly agree, 18.42% and 7.89% replied that they disagree and strongly disagree with the idea respectively. As the majority (71.05%) agree with the idea this shows that dissatisfaction with over all working environment is also one of the main causes of high turnover in the organization.

Item-2 of table 4.6 asks if they left ERCA because the work load was high as compared to the benefit they got. In this regard 44.74% responded that they strongly agree with this idea, 31.58% responded that they agree, 7.89% responded that they disagree and 15.79 said that they neither agree nor disagree with the idea. The majority (76.32%) agreed about the issue, thus this shows that payment which doesn't consider the areas of high work load is one of the reasons of employee turnover. Tanuir et al. (2012) also find the same thing.

Table 4-12 External Factors and Other Personal Problems

№	Items	Distribution	Response Category					Total
			SA	A	D	SD	NAD	
1	Left due to personal reasons (family related problems)	**Frequency**	4	5	18	7	4	38
		Valid %	10.53	13.16	47.37	18.42	10.53	100
		Cumul %	10.53	23.68	71.05	89.47	100.00	-
2	Left because hired in other organization	**Frequency**	8	11	10	4	5	38
		Valid %	21.05	28.95	26.32	10.53	13.16	100
		Cumul %	21.05	50.00	76.32	86.84	100.00	-
3	Left to start own business	**Frequency**	6	12	5	5	10	38
		Valid %	15.79	31.58	13.16	13.16	26.32	100
		Cumul %	15.79	47.37	60.53	73.68	100.00	-
4	Left because of attraction by other organization's salary and benefits.	**Frequency**	17	13	0	0	8	38
		Valid %	44.74	34.21	0.00	0.00	21.05	100
		Cumul %	44.74	78.95	78.95	78.95	100.00	-

Source: *Own survey, 2015*

Interview Analysis

This section presents the interview made with the managemnts and what the managements have said about the high employees turnover at ERCA.

Managemnts attitude on the impact of high employees turnover

Management forwards that increased cost of hiring new employees, delay in service giving,increases risk because of new employees and bad reputation about the organization can be the effects of high employees turnover.

Managments awerness about the high turnover of professional employee and current trend of employees turnover.

The analysis from interview shows that the management of ERCA or department of the human resource development is aware about the high turnover of professional employee. As the department, the employee turnover is increasing from time to time.

Is the turnover of employees a serious problem for the organization?

Although, the HRM is aware of the consequences of high employment turnover, as there is enough supply of human resource from the market the department/ authority is not considering it as serious problem.

Managements opinion on the causes of employees turnover in the organization.

The HRM of the organization believes that search for a better job and tight lows/rules of human resource management that the organization deploys/ enforce are the main causes of this high employee turnover. The management of the organization also believes that some of the employees resign because of personal problems.

Managments view about employee‘s financial compunction as compared to the market

The organization and the top management believe that the employees are well paid specially in terms of salary. The salary scale which was above all civil service organizations, was set by special body after long time of research and deep discussion. All benefits were included in the salary scale and no benefits are allowed by law: because it was believed that salary scale is enough to attract new professional employees and to retain the existing employees.

Dose ERCA make exit interview when employees resign and use the information obtained from the exit interview?

The HRM also replied that, mostly they do not make exit interview when employees resign. And they said this was because mostly employees resign without announcing the organization.

Mechanism used by the mangment to retain experienced and qualified employees?

The finding from the interview also indicates that, the management of the organization believes that the salary scale itself is one of the retaining mechanisms and beyond that according to the directive, they give the employees promotion from one level to the next and the salary scale also increases with the higher levels.

Managments view about employees contribution for the success of ERC’s objective

Finally, the HRM explained; it is known that the human resources have a great role on the success of the organization’s objectives. It is tried to utilize the human resource by inspiring employees and rearranging them in different groups like change army and peer to peer groups.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION

This chapter presents the summary,Conclusion and possible recommendations based on the analysis and interpretation of the data that are cooleceted through questionnaires and interviews.

5.1. Summary of Major Findings

This study attempted to investigate the attitude of both the current, ex-employees and management of ERCA towards high employees turnover on the organization.From the analysis made the main reasons of the high employee turnover that are found in the organization are: Highly dissatisfaction of the employees with the benefits they received, dissatisfaction with the assistance that the employees receive from the management, lack of fair treatment by the management to all employees, Information gap between the management and employee, unsecured/risky working environment, dissatisfaction with the promotion given and benefit received, dissatisfaction with the motivational policy of the organization, lack of recognizing/rewarding hard working employees

5.2. Conclusions

High employees turnover can be caused by many reasons, such as low salary scale, lack of motivational packages, lower benefits for employees, lack of good management of the human resource, bad working environment, unsecured job characteristics, etc.

The organization under the study registered high employee turnover during recent years. This specific study tries to identify the main factors/reasons of this high employee turnover. In doing so the study uses both primary and secondary data sources and for the purpose of collecting primary data, it uses different instruments which are questionnaires both for the current employees and ex-employees and standard interview for the human resource management stuffs. In order to analyse the collected data descriptive statistics like percentage was used.

The finding of the study reveals that, current employees think that their salary is adequate and this cannot be the main reason to leave the organization.

From the analysis made the main reasons of the high employee turnover that are found in the organization are: highly dissatisfaction of the employees with the benefits they received, dissatisfaction with the assistance that the employees receive from the management, lack of fair treatment by the management to all employees, information gap between the management and employee, unsecured/risky working environment, dissatisfaction with the promotion given and benefit received, dissatisfaction with the motivational policy of the organization and lack of recognizing/rewarding hard working employees.

The other causes that aggravate the high employee turnover includes: lack of concern by the management to solve the problem, dissatisfaction with over all working environment and existence of other competitive organizations with better salary and benefit.

Grounded on the response, we can conclude that current employees are not interested in working at ERCA. Moreover, the organization under the study is losing young and mature active professionals. This may lead the organization to high performance depreciation in collecting the necessary revenue because high turnover is attached with high cost and low performance.

5.3. Recommendations

Based on the findings and conclusions of this study, the following recommendations are made to enable the authority to retain the current employees and decrease the existing high employee's turnover.

As the dissatisfaction with the benefit strategies of the organization is found to be the main cause of the high employee turnover, the organization should improve its benefit strategies. Benefits include house and transport allowances, bones when success is achieved etc. Currently other financial institutions like banks and insurances practices this well and to be competitive, ERCA should also give its employees those benefits.

The organization should also assist its employees when problems happen and should treat them fairly as lack of fairness and assistant by the management is one of the main causes of the high turnover. Mostly this emanates from the autocratic behavior of the management which basically focuses only on the tasks done neglecting the role of people: but the management should be democrat and should understand the problems of employees through making assessment and research.

As risk is higher in the organization as a whole and it varies from department to department and position to position, the organization should pay the employees in accordance to the risk they take.

The organization should improve the motivational policy in order to promote those who work hard to achieve the organization's vision.

ERCA must improve the management's problem solving ability and it should work hard to make the working environment better. This can be made by avoiding some embarrassing internal laws like the law that allows the manager to fire an employee if suspected of corruption and through participation of the employee in the process of decision making.

Besaieds, the employees should act collectively through associations in order to bargaine with the organization. And ERCA should allow such undertakings inorder to benefit the employees and itself as well. This also helps the organization to know the feelings and identifay problems through the representatives of such associations.

After all human resource is considered to be the most important resource of an organization. It is time for ERCA's head office managers to start thinking about the future of the organizational successes which can be achieved through retaining experienced employees in the organization.

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Annex

St. Mary's University

Questionnaire I

Questionnaires to be completed by ex-professional employees of ERCA

Dear respondents

The researcher is a graduate student pursuing a Master of Art degree in Human Resource Management (HRM) of St. Mary University. The researcher is also conducting a research study on "The cause of high employee turnover at Ethiopian revenues and custom authority". As you have been selected as a respondent you are kindly requested to answer the questions below displaying in good faith. The study is purely for academic purpose and all information provided will be treated confidential. Your prompt response will be highly appreciated.

A. Demographic characteristics of respondent

Make ✓mark as your response in the box given below.

1. Your age group below 25 ☐ 25-30 ☐ 31-35 ☐ 36-40 ☐ above 40 ☐
2. Sex male ☐ female ☐
3. Marital status married ☐ single ☐
4. Qualification 12+2 ☐ BSC/BA ☐ MSC/MA ☐ PhD ☐
5. Year of service in your career

   Less than 1 year ☐ 2 to 5 year ☐ more than 10 years ☐

   1 to 2 years ☐ 5 to 10 years ☐

B. General opinion of respondents about employee turnover

For the following questions mark on your choice

1. Strongly disagree, 2. Disagree,3. Neither agree nor disagree,4.Agree, 5.strongly agree

No		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	Impact of benefit and salary packages on employee turnover					
1	I left ERCA because I felt that I was not paid well in comparison to my experience, responsibilities and qualification					
2	I left ERCA because the amount of pay I received for my job was not equal to others doing similar works in other organizations					
3	I left ERCA because I was not happy with the value and amount of salary increments I received					
4	I left ERCA because I was not happy with the benefits given and motivational policy.					
	Influence of employee management relationship on turnover					
5	I left ERCA because the management did not show a genuine interest in fixing the problem in my role					
	Job satisfaction and related factors					
6	I left ERCA because I don't feel secured in my job					
7	I left ERCA because my job had not good promotion and motivational policy					
8	I left ERCA because the organization did not give enough recognition for well done work and I was not appreciated at work					
	Working environment, work load and management decision fairness					
9	I left ERCA because I was not satisfied with the overall work environment of the organization					
10	I left ERCA because the work load					

	was high as compared to the benefit I got.					
11	I left ERCA because I thought that the decisions made by the management are mostly not fair					
	External Factors and Other Personal Problems	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
12	I left ERCA because of other personal reasons (family related problems)					
13	I left ERCA because I was hired in other organization					
14	I left ERCA because I desire to be self-employed					
15	I left ERCA because I was attracted by other organization's salary and benefits.					

St. Mary's University

Questionnaire II

Questionnaires to be completed by current professional employees of ERCA

Dear Respondent

The researcher is a graduate student pursuing a Master of Art degree in Human Resource Management (HRM) of St Mary University. The researcher is also conducting a research study on "The cause of high employee turnover at Ethiopian revenues and custom authority**"**. As you have been selected as a respondent you are kindly requested to answer the questions below displaying in good faith. The study is purely for academic purpose and all information provided will be treated confidential. Your prompt response will be highly appreciated.

A. Demographic characteristics of respondent

Make ✓mark as your response in the box given below.

1. Your age group below 25 ☐ 25-30 ☐ 31-35 ☐ 36-40 ☐ above 40 ☐

2. Sex male ☐ female ☐

3. Marital status married ☐ single ☐

4. Qualification 12+2 ☐ BSC/BA ☐ MSC/MA ☐ PhD ☐

5. Year of service in your career

Less than 1 year ☐ 2 to 5 year ☐ more than 10 years ☐

1 to 2 years ☐ 5 to 10 years ☐

B. General opinion of respondents about employee turnover

For the following questions mark on your choice

1. Strongly disagree, 2. Disagree, 3. Neither agree nor disagree,4.Agree, 5.strongly agree

		Strongly disagree	disagree	Neither agree nor disagree	Agree	Strongly agree
	Satisfaction on benefit and salary packages					
1	I am well paid in ERCA in terms of salary					
2	I am receiving enough benefits from the organization in accordance with the risk that I face					
3	I am happy with assistance given by ERCA whenever I face problem					
	Relationship with management					
4	I feel the management of the ERCA shows a genuine interest in fixing the issues/problems in my role					
5	Management treats me fairly and respectfully					
6	Management keeps me well informed on work issues					
	Job satisfaction, job security and motivational factors					
7	I feel secured in my job					
8	I am satisfied with my current job					
9	My job has good promotion and I have the ability to grow in my job					
10	The organization gives enough recognition for well done work and I feel I am appreciated at work					
11	I am satisfied with the motivational policy of the organization.					
	Working environment, work load and fairness					
12	I'm satisfied with the overall work environment of the Organization.					
13	I feel that the amount of workload in my current job is reasonable and sound					
14	I feel ERCA is fair in general and treat employees fairly					
	Intention to leave or stay					
15	I would look for other job opportunities, if					

	I find I will leave since no career advancement in this job					
16	I'm not satisfied with the work environment in my current job so I would look for outside opportunities					
17	I am already fed up with working at ERCA so I am searching for a better job in a better organization at the moment					
18	Whenever I get a job in another Organization or elsewhere definitely I leave this Organization					
19	I do not have any intention to resign from this organization within a shorter time					

St. Mary's University

III. Interview Question to Concerned Body (Department of Human resource development Directorate) of ERCA

MBA Research on "The cause of high employee turnover at Ethiopian revenues and custom authority" on the department of Human Resource Management.

1. Is the management of ERCA or department of the human resource development aware about the high turnover of professional employee?
2. What is the current trend of employee turnover?
3. Do you think that the turnover of employees is a serious problem for the organization?
4. What are the causes of employee turnover in the organization?
5. Do you feel that employees earn adequate financial compensation when compared to the market?
6. Do you make exit interview, when employees resign? And if yes, do you use the information obtained from exit interview?
7. What are the mechanisms used to retain your experienced and qualified employees?
8. How do you organize employee contribution to the success of ERCA's objectives?