



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

**PERCEIVED CAUSE OF EMPLOYEE TURNOVER:  
THE CASE OF SHINTS ETP GARMENT PLC**

**BY**

**SEWNET HAILU**

**January 2016**

**Addis Ababa, Ethiopia**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF  
GRADUATE STUDIES IN PARTIALFULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION**

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**APPROVED BY BOARD OF EXAMINERS**

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## **DECLARATON**

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

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**January, 2016**

## Table of Contents

Acknowledgements .....	i
Abbreviations .....	ii
Table of Contents .....	iii
List of Tables .....	iv
List of Figures.....	v
Abstract.....	vi

### 1. Chapter one: Introduction

1.1. Background of the Study.....	1
1.2. Definition of Terms and Concepts.....	3
1.3. Statement of The Problem.....	3
1.4. Research Question.....	5
1.5. Objectives of the Study.....	5
1.6. Significance of the Study .....	6
1.7. Scope of the Study.....	6
1.8. Limitation of the Study.....	6
1.9. Organization of Thesis.....	7

### 2. Chapter Two: Literature Review

2.1. Theoretical Literature	
2.1.1. Definitions of Employee Turnover.....	8
2.1.2. Types of Employee Turnover .....	8

2.2.1. Cause and Influencing Factors of Turnover.....	12
2.2.2 Factors Leading To Turnover.....	14
2.2.3 Push Factors / Controlled Factors.....	15
2.2.4. Pull Factors (Uncontrolled Factors).....	16
2.2.5 Retentions of Employees .....	18
2.2.6 Factors Affecting Retention.....	19
2.2. 7Empirical Review .....	21
2.3. Conceptual Framework.....	22

### **3. Chapter Three: THE Research Methodology**

3.1. Research Design and Approach .....	23
3.2. Population and Sampling Technique.....	23
3.2.1. Study Population.....	23
3.2.2. Sampling Technique .....	23
3.2.3. Sample Size.....	24
3.3. Source of Data.....	24
3.4. Data Gathering Instruments.....	24
3.5. Procedure of Data Gathering .....	25
3.6. Pilot Testing .....	25
3.7. Method of Data Analysis.....	26
3.8. Ethical Considerations.....	26

### **4. Chapter Four: Data Analysis and Interpretation**

4.1. Characteristics of the Study Population.....	27
4.2. The State of Employee Turnover.....	30
4.3. Cause of Employee Turnover.....	32
4.4. Effect of Employee Turnover on Organizational Effectiveness.....	34
4.5. Effect of Employee turnover on performance.....	36

## **5. Chapter Five: Findings, Conclusions and Recommendations**

5.1. Summary of Findings .....	40
5.2. Conclusions.....	41
5.3. Recommendations.....	42
References.....	43
Annexes.....	45

## ACKNOWLEDGEMENTS

First and foremost I thank the Almighty God, for granting me the strength, health and courage to Complete this arduous task.

I would like to express my deepest gratitude to my research advisor Mr. Shoa Jemal (Asst.Professor), for his guidance, insight and encouragement in the writing of this thesis. Your valuable support and patience throughout this journey has been incredible and is appreciated from the bottom of my heart.

I am very grateful and indebted to my husband Mr. Axumawi Hailemichael, for his unquestionable values, morals, love, guidance and support throughout the completion of this paper.

My sincere gratitude also extends to Industrial Park Development Corporation customer relation senior expert Mr. Solomon Semuniguse, Shints ETP Garment PLC's local General Manager, Human Resource Manager and Ex employees of the company for their unreserved cooperation.

Finally, but not the least, I would like thank my family and friends for their valuable encouragement and support of my work.

## **LIST OF ABBREVIATIONS AND ACRONYMS**

ERA	Ethiopian Road Authority
OWWDSE	Oromia Water Works and Design and Supervision Enterprise
BLIP	Bole Lemi Industry Park
ETIDI	Ethiopian Textile Industry Development Institution
IPDC	Industrial Park Development Corporation
HRM	Human Resource Management
SPSS	Statistical Package for Social Sciences

## LISTS OF TABLES

Table 1.1. Labour Turnover of Shirts Garment plc.....	4
Table 3.1. Sample Size Determination .....	24
Table 4.1. Demographic Characteristics of the Respondents.....	28
Table 4.2. Respondents Opinion on Salary.....	31
Table 4.3. Respondents Opinion on Work Environment.....	32
Table 4.4. Respondents Attitude towards Leadership .....	34
Table 4.5. Respondents Opinion on Job Satisfaction.....	35
Table 4.6. Respondents Attitude towards Opportunity Training.....	37

## **LISTS OF FIGURES**

Figure 1.1. Workers Turnover of BLIP Enterprises by Year 2016.....	4
Figure 2.1. Researcher Own Theoretical Framework.....	22

## **ABSTRACT**

*The quality of service delivery of any organization depends on the presence of devoted and well talented employees. Employees are the main sources for organizations to meeting the company objectives. Therefore, giving emphasis for employees becomes a big issue in any organizations. Having this in mind, the present study aimed to see the perceived causes of employee's turnover in Shints ETP Garment plc. Theoretical framework and models of other scholars were used by modifying in our country context to know the real causes of turnover. Qualitative and quantitative approaches are used. In order to collect primary data, a self-completed questionnaire was designed and administered to ex - employees of the organization. In addition, interview was conducted with HR manager of the company. The SPSS version 20 for windows is used to process the primary data was collected through questionnaire. This study adopted a descriptive methodology. The findings show that employee turnover is caused by uncontrollable and controllable variables including demographic factors. Therefore, the company should implement different strategies to retain their employees. In Shints ETP Garment the major finding is salary and it is controllable. Because of low salary the employees are derived to leave the company. Thus, the management should increase the payment by compared with company paying capacity and with other competitive company's it helps to retain the employees in the company.*

**Keywords:** *Turnover, Salary, Employees, Retention, Shints ETP Garment*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Employee turnover is one of the most study important issues to organizations, and one that needs special attention. It has some significant effects on organizations; new employees must be hired and trained, it is also needed to consider the time required for a new employee to be effectively productive. Staffs turnover is a warning sign of low morale and it is the amount of movement in and out of employees in an organization. In general, employees either leave their jobs voluntarily by their own decision or forced to leave by the decision of the employer. Employee's turnover is one of the factors which affects the organization's productivity; which is considered to be one of the challenging issues in business nowadays. The impact of turnover has received considerable attention by senior management, human resources professionals and industrial psychologists. It has proven to be one of the most costly and seemingly intractable human resource challenges confronting by several organizations globally. Turnover of employees consists of both voluntary and involuntary. Voluntary turnover is a major problem for organizations in many countries (Steers, 1973).

Porter and Steers (1973) suggested that the issue of met expectations was central to the individual's decisions to leave an organization. Each employee has his or her own set of expectations upon entering an organization. Should these expectations not be met, the individual will become dissatisfied and leave. Mobley (1978) suggested that a negative evaluation of the present job leads to job dissatisfaction, thoughts of quitting, and an evaluation of job seeking expectation utility and cost of quitting.

Employee turnover is a naturally occurring event at any organization. Some employees leave by choice (known as voluntary turnover), and some staff changes are initiated by the organization itself (known as involuntary turnover). Employees voluntarily leave organizations for a variety of reasons, including low satisfaction with their jobs, low satisfaction with their employer, limited promotion and growth opportunities, a better opportunity elsewhere, or disapproval of organizational changes or restructuring. On the other hand, not all separations are voluntary. And as a result of a deep and extended

recession over the past few years, many organizations have had to undertake headcount actions such as downsizing in order to stabilize their budgets. (Society for Human Resource Management.(2011). SHRM 2011-2012

Newstorm and Davis (1994) had recognized that high turnover at any organizational levels constitutes a waste of human resources. And agreed with this view and said that turnover is not a good phenomenon for organization because valuable human resources are lost. In today's changing world of work, reasonable levels of employee-initiated turnover facilitated organizational flexibility and employee independence, and they can lessen the need for management layoff.

In Ethiopia, even though few studies like: study conducted on ERA and OWWDSE shows about turnover of employees, there is no empirical studies conducted on industrial park employees' turnover which were supported by formal and published research. Different researchers explain in different way about labour turnover. Because it's has huge impact in the company success. Therefore, the present study is done on Shints ETP Garments PLC in Bole Lemi Industrial Park (BLIP) because of employees' turnover is a big issue in the industry park. Currently, most young employees are leaving from one organization to others due to unknown reasons. Hence, this study clearly identified the causes of employees' turnover and its management or retention mechanism will help in developing appropriate policy and training program at country level in general and at industry park level in particular Shints ETP Garments PLC.

## **1.2. STATEMENT OF THE PROBLEM**

In today's competitive business world, employee turnover highly affects every organization. Managing turnover successfully is an essential to achieve the organizational overhead goals. As per the study from kenya university by Samson Kuria in Assessment of Causes of Labour Turnover in Three and Five Star Rated Hotels in Kenya. The findings concurred that payment is the most critical outcome of organizational membership for employees to stay on. Respondents described their salaries as poor, a pointer to their dissatisfaction with the employers therefore constantly looking for greener pastures. The unconducive work conditions resulted to the employees developing work related stress and reduced employees'

organizational commitment. The Ethiopian textile industry development institute (ETIDI) and forums from the stake holders companies in IPDC, So far few amount of research has been undertaken to understand the major causes of employee’s turnover and retentions mechanisms that Bole Lemi Industrial Park should develop, the studies were carried out by IPDC; the studies indicated that every aspect of organizations there is employees Turnover because turnover of employee leads to incurring of costs. High turnover has become a problem for both textile and garment industries in Ethiopia. The study called competitiveness and job creation in 2016 also state about employee turnover and the finale result is to give training before the employees are hired in the industry zone. For instance, related to the nature of my Job, I have been in contact with owners of the following companies who start operational since 2014. Totally they have 10,000 employees and all are affecting by employee turnover every time. In the textile and garment industry the burden is high and this issue confirmed by all industry parks enterprises and suggested the government to intervene to resolve this problem. Workers Turnover of BLIP Enterprises by year 2016.

The trend of each company’s worker turnover has been illustrated in the chart as below.

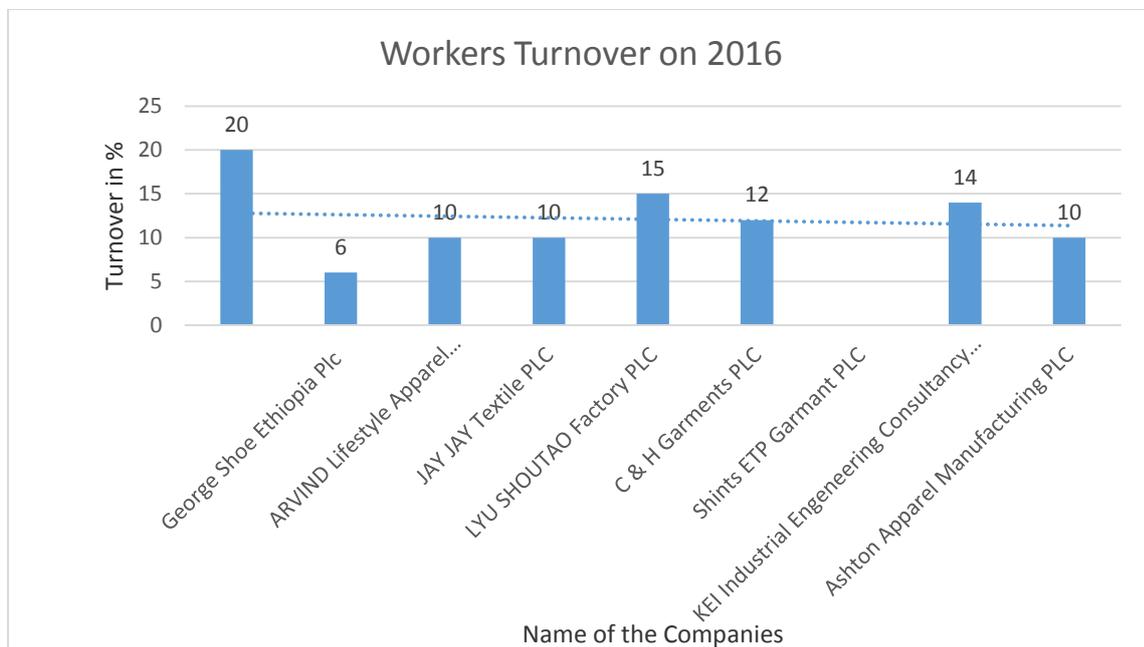


Fig.1.1. Workers Turnover of BLIP Enterprises by year 2016 source Industrial park Enterprise

The below table show that high labour turnover in Shints Garment PLC from 2014 to 2016GC.

Year	Total Employees	Male Employee	%Male Employee	Female Employee	%Female Employee	Total Turnover	%Total Turnover	Male Turnover	%male Turnover	Female Turnover	%Female Turnover
2014	824	109	13.23%	715	86.77%	499	60.56%	54	10.82%	445	89.18%
2015	2,376	269	11.32%	2,107	88.68%	1,559	65.61%	171	10.97%	1,388	89.03%
2016	4,683	469	10.01%	4,214	89.99%	1,845	39.40%	188	10.19%	1,657	89.81%
<b>Average</b>			<b>11.52%</b>		<b>88.48%</b>		<b>55.19%</b>		<b>10.66%</b>		<b>89.34%</b>

Table1.1 Labour Turnover of Shints Garment plc from 2014-2016 GC.

From the above table we can observe that, the growth rate of hiring employee in the organization from 2014 to 2016 become increasing. Regarding to employees turnover, there is a significantly increase of employees who quit their job for the given years. Additionally when we are comparing the rate of hiring and turnover the turnover rate is high. From the total three years of trend the female turnover amount is 89.34% and the male turnover is 10.66%. When we are looking total turnover with total hired, the turnover rate is more than 50% therefore this is enormous problem.

Thus by observing the above turnover rate, it drives to make study what are the cause of high employee turnover in Shints ETP Garment PLC.

### 1.3. RESEARCH QUESTIONS

The research question of this study is:

What are the main causes for employee's turnover?

### 1.4.OBJECTIVES OF THE STUDY

#### 1.4.1. General Objective

The general objective of the paper is to evaluate and make research on the causes of labour turnover in Shints ETP Garment PLC and to suggest possible solutions.

### **1.4.2. Specific objectives**

On the basis of general objective the study tried to address the following:

- ❖ To see factors that are affecting retain of employees of the organization;
- ❖ To identify the effect of staff turnover on the performance of the organization;
- ❖ To see the mechanisms used by the enterprise to reduce the turnover rate.
- ❖ To determine internal and external labour turnover in Shints ETP Garment PLC.

### **1.5. SIGNIFICANCE OF THE STUDY**

The significance of this study is to figure out main cause of labour turnover and show guide lines how to solve labour turn over problem specifically in Shints ETP Garment PLC. Additionally this research will help the company by minimizing human resource budget and retain the experienced employee for long time.

Therefore, the study insight the issue in context Textile and garment Industry experience. It also might serve as literature for future studies on the topic. In addition it might also use as input for policy makers and implementers though the study is academic in the area of cause of labour turnover.

### **1.6. SCOPE OF THE STUDY**

The study made an assessment of the cause of labour turnover in Shints ETP Garment PLC. The scope of the study is limited only in Shints ETP Garment PLC from Bole lemi industry zone. It does not consider the other nine Industrial parks in the industry zone. Limited resources and time constraints affected the completion of the project on time. There was less participation from respondents due to their working environment.

## **1.7.LIMITATIONS OF THE STUDY**

The limitation of this study is to identify the problem or cause of employee turnover causal research design is the preferred one but, I used descriptive research design for understanding of any one.

## **1.8.ORGANIZATION OF THE PAPER**

This study consists of five chapters in which each will be discussed in depth later. Chapter one is introductory which explains apprehensive in terms of preparing the whole research by concerning the various important aspects such as problem statement, an illustration of the general and specific objectives of the study. Background of the company being studied is also briefly discussed. Chapter two consists of review of related literatures and empirical researches related to the problem being investigated and Conceptual framework of the study. Chapter three includes the methodology and procedure applied for the study in detail. In Chapter four, it deals with analysis and presentation of the findings emerging from the study. The fifth chapter contains a summary of the study and findings, discussions, conclusions and recommendations for further research.

## **1.9. DEFINITIONS OF TERMS AND CONCEPTS**

Terms frequently used throughout this study are operationally defined as follows:

**Turnover:** The termination of an individual's employment with a given company

**Employee turnover:** is the difference in the rate of employees leaving a company and new employees filling up their positions

**Retention:** Employee Retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee.

**Pull Factors:** are those reasons that attract the employee to a new place of work. In some papers pull factors are named as uncontrolled factors because it is out of the control of organizations.

**Push Factors:** are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations.

**Involuntary Turnover:** Loss of employee through termination such as being fired or being laid off.

**Voluntary Turnover:** The loss of employee due to their own will such as resignation or retirement. Gerhart, B. (1990).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter discussed about labour turnover and cause of turnover from several perspectives. It includes the definition of employee turnover, type of employ turnover, factors leading to turnover, reasons of employee turnover; Apart from that, this chapter also stated out other variables related to employee turnover.

#### **2.1. Theoretical Literature**

##### **2.1.1. Definition of Employee Turnover**

Employees' turnover is a much studied phenomenon Shaw et al. (1998). But there is no standard reason why people leave organization. Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment Abassi et al. (2000). The term "turnover" is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Frequently, managers refer to turnover as the entire process associated with filling a vacancy: Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. This replacement cycle is known as turnover Woods, (1995). This term is also often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of reason. The research focused on voluntary turnover.

##### **2.1.2. Types of Employee Turnover**

###### **2.1.3. Voluntary Turnover:**

When employees leave an organization at their own discretion, it is referred to as voluntary turnover. It is initiated by the choice of the employee. A similar definition is given by, stating that "An instance of voluntary turnover, or a quit, reflects an employee's decision to leave an organization, whereas an instance of involuntary turnover, or a discharge, reflects an employer's decision to terminate the employment relationship". According to who study

voluntary turnover, it can be affected by a lack of job satisfaction, job stress as well as alternative opportunities.

It is thus important to consider attractions such as alternatives when looking at voluntary turnover. However, voluntary turnover can be predicted and, in turn, be controlled.

#### **2.1.4 Involuntary Turnover:**

Define involuntary turnover as “... an instance of involuntary turnover, or a discharge” that “reflects an employer’s decision to terminate the employment relationship”. According to, involuntary turnover includes retirement, death and dismissal. Further state that turnover initiated by the employee such as resigning to take care of a terminally ill family member or accompanying a spouse to another area should also be considered as Employee involuntary as it includes reasons over which the employee has no control. Another definition states that involuntary turnover includes the need to cut costs, restructure or downsize due to reasons which are independent of the affected employees, as explained by. This represents a decision or choice made by the employer. It appears that the distinction between voluntary and involuntary turnover is important but not straightforward. Reasons for turnover may be misinterpreted. Employees leaving an organization may wish not to disclose the real reasons for leaving as they are dependent on organization for future reference and this would of course only come to light during the exit interviews. According to, interviewers may not want to put the organization or the employee in a bad light.

#### **2.1.5. Functional Turnover**

Functional turnover occurs when a low-performing employee leaves the organization. Functional turnover reduces the amount of paperwork that a company must file in order to rid itself of a low-performing employee. Rather than having to go through the potentially difficult process of proving that an employee is inadequate, the company simply respects his or her own decision to leave. Testa, 2008.

#### **2.1.6. Dysfunctional Turnover**

This occurs when a high-performing employee leaves the organization. Dysfunctional turnover can be potentially costly to an organization, and could be the result of a more

appealing job offer or lack of opportunities in career advancement. Too much turnover is not only costly, but it can also give an organization a bad reputation.

However, there is also good turnover, which occurs when an organization finds a better fit with a new employee in a certain position. Good turnover can also transpire when an employee has outgrown opportunities within a certain organization and must move forward with his or her career in a new organization. Amanracho, 2015.

#### **2.1.7. Avoidable Turnover**

A turnover that happens in avoidable circumstances is called 'Avoidable Turnover', the turnover is avoidable when the company does have control-employees choose to leave because the company is not satisfying their job or career needs.

The following causes can be avoided if proper steps are taken by the organization.

**Dissatisfaction with Wages:** Some companies may pay minimum wages or low wages. So, the workers may be dissatisfied with their wages and leave from the organization.

**Dissatisfaction with Working Environment:** The workers are expected to work with poor lighting facility. Moreover, there is no adequate ventilation facility also. The sanitary condition is also very poor.

**Dissatisfaction with the Job:** A worker may do a job if the preferable job is not available for time being. If the right job or preferred job is available in any other organization, immediately, the workers may leave from the organization. Moreover, sometimes, the job is a hard one or unknown job to the concerned worker. The job may also be dangerous, noisy, dirty, oily, wet or smoky.

**Dissatisfaction with Personnel Policies:** Autocratic administration is followed in some organizations. There is a less scope for promotion and increments. Request for transfer may be refused. Leave is provided only after thorough investigation.

**Lack of Medical, Recreational and Other Facilities:** Adequate medical facilities are not available to workers. The workers may prefer to take refresh themselves. But, there are no recreation facilities in the organization.

**Lack of Transport Facilities:** The factory or the office may be situated from far away from their residence. Hence, the workers may find difficulty to reach the working place. But, the organization does not care about the transport facilities of the workers.

**Dissatisfaction with Working Hours:** The workers are requested to work more than normal working hours. Besides, there is no overtime payment for extra hours working. Sometimes, the workers are called for even holidays and night.

Amanracho, 2015.

### **2.1.8. Unavoidable Turnover**

Unavoidable turnover results from life decisions that extend beyond an employer's control. The following causes cannot be avoided even though whatever the steps taken by the organization. **Personal Betterment:** Some employees may leave from the organization to do a business. Moreover, high post with attractive salary may be available to the worker. **Family Circumstances:** Most of the workers are resigned their jobs due to family circumstance. **Climatic Conditions:** A worker may resign the job if the climate is not suitable to him/her. **Community Conditions:** In some companies' racial discrimination is followed. If so, some workers may prone to suffer from these disturbances, start moving out of the organization. **Physical Reasons:** The body condition does not permit the worker to continue the job. Sometimes, ill health resulting from the conditions of employment, forces the workers to leave from the organization. **Marriages:** Women got married may force them to leave from the organization. Moreover, pregnancy may change the mindset of the women. If so, they are, certainly, leave from the organization. **Retirement and Death:** Old age is the cause for the retirement and death. These are inevitable causes. Hence, they terminate the service in the organization. **Migratory Nature:** Some workers may prefer to move always from one company to another. There is no promotion or pay increase. Even though, they can leave from the company. **Dismissal or Discharge:** Some workers may be dismissed or discharged from the company due to incompetence, inefficiency, insubordination and indifferent attitude of worker towards work. Sometimes, the co-workers may not adjust with some workers. They may be called as "chronic kicker", "disturber" and "trouble maker". **Redundancy:** The redundancy may be due to many causes like seasonal trade, shortage of materials, lack of planning and lack of courage and foresight of higher management. Griffith , 2000.

### **2.1.9. Internal Vs. External**

Employees" turnover can be classified as either internal or external. It is internal when employees leave their current assignment and take up new roles or positions within the organization. This could bring both positive and negative feelings. The feeling could be positive if the new position brings about increased morale from the change of task and supervisor; alternatively, it could be negative if the new position is project related or relational disruption like holding brief for a colleague in another location.

The effect of this internal turnover may be important as to require monitoring just like the external turnover. Human resource mechanism such as recruitment policy and succession planning can be used to control internal turnover.

#### **2.1.10. Skilled Vs. Unskilled**

Skilled employees who are generally known as „contract "staff usually experience high turnover. The reason for their exit is not far-fetched. This category of employees do not have status of permanent contract and consequently do not enjoy the same condition of service like their permanent counterpart, as a result, they leave the organization at the slightest opportunity of having a more favorable job. Employers do not worry about this kind of turnover because of the ease of hiring new ones. On the other hand, high turnover of skilled employees pose a risk to the business and ultimately in the organization in the form of human capital lost. These include skills, training and acquired knowledge. Since these specialized employees have skills that are relatively scarce and can be re-employed within the same industry, their leaving can act as a competitive disadvantage to the organization in addition to the cost of replacing them. These costs can be enormous especially if the employees occupy strategic position and play key roles in the organization.

#### **2.1.11 Cause and Influencing Factors of Turnover**

Turnover basically arises from the unhappiness from job place for individual employee. But being unhappy in a job is not the only reason why people leave one company for another. If the skills that they possess are in demand, they may be lured away by higher pay, better benefits or better job growth potential. That's why it is important to know and recognize the difference between employees who leave the job because they are unhappy and those who leave for other reasons. There are number of factors that contribute to employee turnover. We explore some of these factors in more detail below:

**The economy-** in exit interviews, one of the most common reasons given for leaving the job is the availability of higher paying jobs. Some minimum wage workers reported for leaving one job to another that pays only 50 cents an hour more. Obviously, in a better economy the availability of alternative jobs plays a role in turnover, but this tends to be overstated in exit interviews.

**The characteristics of the job-** some jobs are intrinsically more attractive than others. A job's attractiveness will be affected by many characteristics, including its repetitiveness, challenges, danger, perceived importance and capacity to elicit a sense of accomplishment.

**Demographics** - empirical studies have demonstrated that turnover is associated in particular situations with demographic and biographical characteristics of workers.

**The person-** In addition to the factors listed above; there are also factors specific to the individual that can influence turnover rates. These include both personal and trait-based factors. Personal factors include things such as changes in family situation, a desire to learn a new skill or trade or an unsolicited job offer. In addition to these personal factors, there are also trait-based or personality features that are associated with turnover.

**A bad match between the employee's skills and the job,** Employees who are placed in jobs that are too difficult for them or whose skills are underutilized may become discouraged and quit the job.

**Substandard equipment, tools or facilities** – If working conditions are substandard or the workplace lacks important facilities such as proper lighting, furniture, restrooms and other health and safety provisions, employees will not be willing to put up with the inconvenience for long time.

**Lack of opportunity for advancement or growth** – If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position.

**Feelings of not being appreciated** – since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their works. Even the most seasoned employee needs to be told what he or she is doing right once in a while.

**Inadequate or lackluster supervision and training** – Employees need guidance and direction. New employees may need extra help in learning an unfamiliar job. Similarly, the absence of a training program may cause workers to fall behind in their level of performance and feel that their abilities are lacking.

**Unequal or substandard wage structures** – Inequity in pay structures or low pay is great causes of dissatisfaction and can drive some employees to quit. Again, a new worker may wonder why the person next to him is receiving a higher wage for what is perceived to be the same work.

#### **2.1.12. Factors Leading to Turnover**

Controlling employee turnover can constitute a complex and challenging task for both the workplace and administrators. Managers may have difficulty understanding and or accepting employee turnover within their organization, due to a myopic perspective of the situation. However, identifying the underlying causes, quantifying the problem, and identifying possible solutions to high employee turnover can prove to be valuable information for managers who wish to make a difference (Mobley, 1982). Numerous researchers have tried to identify the various contributing factors to employee turnover in the workplace in addition to the causes of turnover and dissatisfaction. Traditional theories have focused on how employees make their decision to leave the workplace. Within these studies, several of the following factors have continued to surface in relation to turnover, showing that there is leading underlying factors that exist in causing the actual act of turnover. Intent to leave is one's behavioral attitude to withdraw from the organization, while turnover is considered the actual separation from the organization. Intent to leave has replaced job satisfaction and organizational commitment as the strongest predictor of turnover in the studies that have actually examined turnover (Keaveney, 1992). Intent to leave is based upon an attitudinal variable and is most typically found in job-related turnover (Cotton and Tuttle, 1986). Job satisfaction can be explained as the positive emotional state resulting from appraisal of one's job or experience. Developing more slowly over time than satisfaction and being more extensive, organizational commitment is one's identification with and loyalty to an organization (Mowday, Steers, & Porter, 1979). The vast majority of evidence supports the claim that job satisfaction leads to organizational commitment (Brown & Peterson, 1993; Williams & Hazer, 1986). Job dissatisfaction has been found to be a common occurrence with several levels of severity. A direct positive correlation was found in the employee's level of dissatisfaction and the chance that the employee would leave the organization.

### **2.1.13. Push Factors / Controlled Factors:**

Push factors are aspects that push the employee towards the exit door. In the literature it is also called controlled factors because these factors are internal and can be controlled by organizations. According to Loquercio (2006) it is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. Most staff has a preference for stability. However, some time employees are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. On the basis of available literature, push factor can be classified into:

**I. Organizational Factors:** There are many factors which are attached with an organization and work as push factors for employees to quit. Among them which are derived from various studies are: salary, benefits and facilities; size of organization (the number of staff in the organization); location of the organization (small or big city); nature and kind of organization; stability of organization; communication system in organization; management practice and policies; employees' empowerment. There is another push variable called organizational justice. According to Folger & Greenberg (1985), organizational justice means fairness in the workplace. There are two forms of organizational justice: distributive justice, which describes the fairness of the outcomes an employee receives; and procedural justice, which describes the fairness of the procedures used to determine those outcomes.

**II. Attitude Factors:** In the literature, attitude is another kind of push factor which is mostly attach with employee behavior. Attitude factors are further classified into job satisfaction and job stress.

**A.) Job satisfaction** is a collection of positive and/or negative feelings that an individual holds towards his or her job. Satisfied employees are less likely to quit. Job satisfaction is further divided into extrinsic factors and intrinsic factors. Extrinsic factors include variables such as job security, physical conditions/working environment, fringe benefits, and pay. Intrinsic factors include variables such as recognition, freedom, position advancement, learning opportunities, nature, and kind of job and social status (workers with a high hierarchical position who link their social position with their job want to retain it).

**B.) Job stress** includes variables such as role ambiguity (e.g. my job responsibilities are not clear to me), role conflict (e.g. to satisfy some people at my job, I have to upset others), work- overload (e.g. it seems to me that I have more work at my job than I can handle) and work- family conflicts (e.g. my work makes me too tired to enjoy family life).

#### **2.1.14. Pull Factors (Uncontrolled Factors)**

Pull factors are those reasons that attract the employee to a new place of work. In some papers pull factors are named as uncontrolled factors because it is out of the control of organizations. Various pull factors derived from literature are: high salary, career advancement, new challenge and interesting work, job security, good location of company, better culture, and life-work balance, more freedom/autonomy, well reputation of organization, vales, more benefits, good boss. (Alemseged Tadesse , 2015)

#### **2.1.15. Reasons of Turnover**

Rude behavior: Studies have shown that everyday indignities have an adverse effect on productivity and result in good employees quitting. Rudeness, assigning blame, back-biting, playing favorites and retaliations are among reasons that aggravate employee turnover. Feeling resentful and mistreated is not an enticement for a good work environment.

Work-life imbalance: Increasing with economic pressures, organizations continue to demand that one person do the work of two or more people. This is especially true when an organization downsizes or restructures, resulting in longer hours and weekend work. Employees are forced to choose between a personal life and a work life. This does not sit well with the current, younger workforce, and this is compounded when both spouses or significant others work.

The job did not meet expectations. It has become all too common for a job to significantly vary from the initial description and what was promised during the interviewing stage. When this happens it can lead to mistrust. The employee starts to think, “What else are they not being truthful about?” When trust is missing, there can be no real employee ownership.

Employee misalignment: Organizations should never hire employees (internal or external) unless they are qualified for the job and in sync with the culture and goals of the organization. Managers should not try to force a fit when there is none.

This is like trying to force a size-nine foot into a size-eight shoe. Neither management nor employee will be happy, and it usually ends badly.

Feeling undervalued: Everyone wants to be recognized and rewarded for a job well done. It's part of our nature. Recognition does not have to be monetary. The most effective recognition is sincere appreciation. Recognizing employees is not simply a nice thing to do but an effective way to communicate appreciation for positive effort, while also reinforcing those actions and behaviors.

Coaching and feedback are lacking: Effective managers know how to help employees improve their performance and consistently give coaching and feedback to all employees. Ineffective managers put off giving feedback to employees even though they instinctively know that giving and getting honest feedback is essential for growth and building successful teams and organizations.

Decision-making ability is lacking: Far too many managers micromanage to the level of minutia. Micromanagers appear insecure regarding their employees' ability to perform their jobs without the manager directing every move. Organizations need employees to have ownership and be empowered! Empowered employees have the freedom to make suggestions and decisions. Today "empowerment" seems to be a catch-all term for many ideas about employee authority and responsibility. However, as a broad definition, it means an organization gives employees latitude to do their jobs by placing trust in them. Employees, in turn, accept that responsibility and embrace that trust with enthusiasm and pride of ownership.

People skills are inadequate: Many managers were promoted because they did their jobs very well and got results. However, that doesn't mean they know how to lead. Leaders aren't born—they are made. People skills can be learned and developed, but it really helps if a manager has a natural ability to get along with people and motivate them. Managers should lead by example, reward by deed.

Organizational instability: Management's constant reorganization, changing direction and shuffling people around disconnects employees from the organization's purpose. Employees don't know what's going on, what the priorities are or what they should be doing. This causes frustration leading to confusion and inefficiencies.

Raises and promotions frozen: Over the years, studies have shown that money isn't usually the primary reason people leave an organization, but it does rank high when an employee can find a job earning 20 to 25 percent more elsewhere. Raises and promotions are often frozen for economic reasons but are slow to be resumed after the crisis has passed. Organizations may not have a goal to offer the best compensation in their area, but if they don't, they better pay competitive wages and benefits while making their employees feel valued! This is a critical combination.

Faith and confidence shaken: When employees are asked to do more and more, they see less evidence that they will ultimately share in the fruits of their labor. When revenues and profits increase along with workload, organizations should take another look at their overall compensation packages. Employees know when a company is doing well, and they expect to be considered as critical enablers of that success. Organizations need to stop talking about employees being their most important asset while treating them as consumables or something less than valuable. If an organization wants empowered employees putting out quality products at a pace that meets customer demand, they need to demonstrate appreciation through actions.

Growth opportunities not available: A lot of good talent can be lost if the employees feel trapped in dead-end positions. Often talented individuals are forced to job-hop from one company to another in order to grow in status and compensation. The most successful organizations find ways to help employees develop new skills and responsibilities in their current positions and position them for future advancement within the enterprise. Employees who can see a potential for growth and comparable compensation are more inclined to stay with an organization. Abebe ,2015.

#### **2.1.16. Retentions of Employees**

Employee Retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. <http://www.whatishumanresource.com>

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy becomes a

powerful recruitment tool. Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

Employee retention matters as organizational issues such as training time and investment; lost knowledge; insecure employees and a costly candidate search are involved. Hence failing to retain a key employee is a costly proposition for an organization. Various estimates suggest that losing a middle manager in most organizations costs up to five times of his salary. Intelligent employers always realize the importance of retaining the best talent. Retaining talent has never been so important in the Indian scenario; however, things have changed in recent years. In prominent Indian metros at least, there is no dearth of opportunities for the best in the business, or even for the second or the third best. Retention of key employees and treating attrition troubles has never been so important to companies.

In an intensely competitive environment, where HR managers are poaching from each other, organizations can either hold on to their employees tight or lose them to competition. For gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities abound. It is a fact that, retention of key employees is critical to the long-term health and success of any organization. The performance of employees is often linked directly to quality work, customer satisfaction, and increased product sales and even to the image of a company. Whereas the same is often indirectly linked to, satisfied colleagues and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning.

Employee retention matters, as, organizational issues such as training time and investment, costly candidate search etc., are involved. Hence, failing to retain a key employee is a costly proposition for any organization. Hrwal, 2010.

### **2.1. 17. Factors affecting retention**

Retention strategies should be based on an understanding of the factors that affect them. For early career employees (30 years and under) career advancement is significant. For mid-career employees (age 31–50) the ability to manage their careers and satisfaction from their

work are important. Late career employees (over 50) will be interested in security. It is also the case that a younger workforce will change jobs and employers more often than an older workforce, and workforces with a lot of part timers are less stable than those with predominately full-time staff. The specific factors that affect retention are:

- Company image
- Recruitment, selection and deployment
- Leadership – employees join companies and leave managers
- Learning opportunities
- Performance recognition and rewards

A study of high flyers by Holbeche (1998) found that the factors that aided the retention and motivation of high performers included providing challenge and achievement opportunities mentors, realistic self-assessment and feedback processes. Michael, 2000.

#### **2.1.18. Theoretical Foundation**

The impact of turnover has received considerable attention by Senior Management, Human Resource Professionals, and industrial psychologists. It has been proven to be one of the most seemingly intractable human resource challenges confronting organizations (SIGMA, 2007). Staff turnover is a readily measurable, objective behavior that can have critical consequences for the worker and the organization. Past theoretical models have synthesized turnover research and specified relationships among determinants of turnover confirmed the link between commitment and actual turnover and the analysis of Griffeth et al (2000) showed that organizational commitment was a better predictor of turnover than overall job satisfaction. Four theoretical approaches try to explain the phenomenon of staff turnover. These include unmet expectations of employees, the fit between the employee and the job satisfaction, and the fit between the employee and the organization. In addition, an alternative approach is not to look at staff turnover as such, but the reasons for retention. Thus, among the given four theories; the relation between employee and job satisfaction fits well to this research title. Job satisfaction refers to a predominantly positive attitude towards one's job. Factors that contribute to job satisfaction include a meaningful job, remuneration, working conditions and relationships with superiors and colleagues.

## **2.2. Empirical Study on Employee Turnover**

Reasons of Employees turnover: A Study from Oromia water works and design and supervision enterprise.

In Addis Ababa University department of business administration (2015) conducted a study and visited local organizations and observed the causes of turnover. The aim of their research paper was to discover the existing reasons of turnover, adverse effects, and possible results that could be useful for their productivity and market shares. Descriptive methods were used to provide information on current situation.

In order to collect the data for understanding the situation about intention to leave a sample of respondents are male with 77.7 percent of the total and the dominant age group is fall in category of 30-40 years with 44.08 percent of the total followed by 40-50 years with 30.81 percent. Although, the business of the Enterprise is relied on human resource, the employees' turnover is high. However, after the implementation of BPR in 2006 the rates of turnover were declined. This might be because of benefits packages and salary improvements implemented with BPR and might have positive effect in reducing employee's turnover. Most of the respondents fall in monthly income category of more than 8,300 birr with 30.33 percent of the total.

The results shows that factors that are affecting employees' stability are both from external and internal. Favorable government policy, which encourages professionals to organize themselves and working their own business, better salary at external market, are external factors that are contributing for high turnover, while lack of good treatment for workers, problem on arrangement of logistic on workers, lack of recognition and encouragement they are getting for their better performances or and poor communication internal factors.

The study states that Because of turnover, there are effects come on the enterprise. Loss in competition on market, costs of recruiting and training employees, loss of profit as a result of lack of timely deliverance of required service to customers, a combination of one or more stated effects come on the enterprise. The enterprise also has implementing BPR and other reforms, to reduce the effects employees' turnover.

Another study in Addis Ababa University School of commerce in 2015 also conduct in cause of labour turnover in the case of four and five star hotels found that job satisfaction level of younger employees is lower than older employees. Job satisfaction level of employees affect employees turnover in the hotel business. Majority of the employees of the selected group hotels are young, unmarried and academically a minimum of diploma holders. More than half of the employees earn less than 2,500 ETB gross salary per month. And almost 50% of the respondents have less than three years of tenure, which is too short employment year. Regarding about the number of hotels they have been working for, 62.5% worked for four hotels more, with less work life stability. As it states the respondents' perception on the subject of alternative employment opportunity, the chance of getting a new job as good as the current one regardless of their qualification within a month is high. This is because of a number of hotels are joining the industry in a very fast pace.

### 2.3. Conceptual Framework

The Conceptual framework developed by researcher based on the literature review. This research study has mainly five reason namely salary, work environment, job satisfaction, management, and training for the cause of turnover. The purpose of the study (as mentioned above) is to found out the reason. Moreover, to see to what extent salary, work environment, job satisfaction, management, and training contributed in the cause of labour turnover in Shints ETP Garment PLC and which factor contribute significantly.

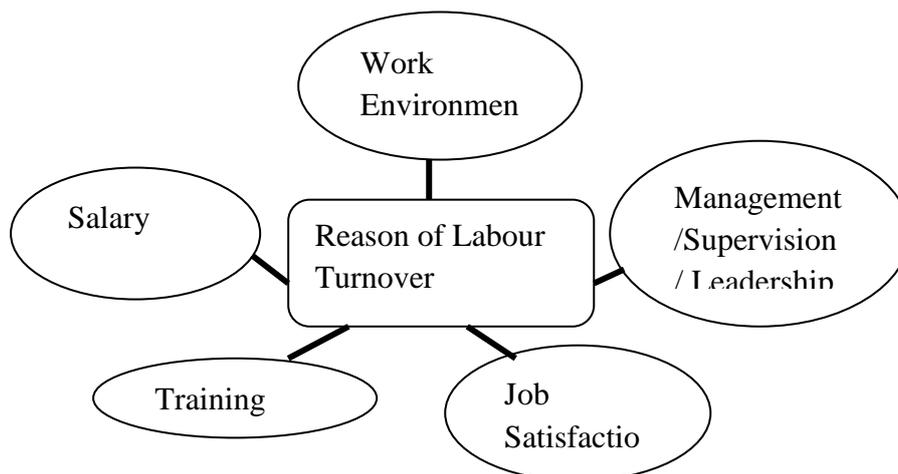


Fig. 2.1. Researcher own Conceptual Framework of Cause of Labour Turnover

## **CHAPTER THREE**

### **THE RESEARCH METHODOLOGY**

Research methodology is the specific science of research that followed to accomplish predetermined research. Hence, all specific method that is used in the course of accomplishing this thesis is presented in this chapter. It includes research design, method of data collection and analysis.

#### **3.1. Research Design and Approach**

The research approach employed in this study is both quantitative and qualitative research approach. The study involves survey of different document and questionnaire and an interview with HR department manager have used. Employee's turnover should be assessed and quantified by using 5-point likert scale method.

The researcher interested to present both employees view and managements attitudes towards cause of labour turnover in the Shints ETP Garment Plc. Therefore, the study follows descriptive type of research design Primary data gather from questioner, interview and observation. Qualitative data is gathered through key informant interview. Qualitative research approaches which adopt interpretive approaches to data, Studies things within their context and considered the subjective meaning of people bring to their situation. Qualitative data rate from slight to highly significant effect based on qualitative judgments, such as perception and attitude.

#### **3.2. Sampling Size and Sampling Technique**

In the process of conducting this study the total population of the company is 2838. Sample size and sampling techniques taken based on size of organization but mainly focused on the production Departments. Categories of the respondents are ex-employee, managers and company owners. Techniques applied to select the samples is non-probability sampling (convenience samples) Samples were selected from elements of a population that are easily accessible.

Table 3.1 Sample Size Determination

Population Size	Sample Size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1,200	32	80	125
1,201-3,200	50	125	200
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: J Carvalho, 2005.

### 3.3. Source of Data

The researcher used both primary and secondary data sources. With regard to primary data, the data collected through questionnaire filled by the ex-employee and interview conducted with management and other concerned body. In addition, personal discussion, and interview is made with these people. Necessary documents also review to get required secondary data. Official reports, books, articles, journals, magazine, study documents and employees feedback are important sources of secondary data review.

### 3.4. Data Gathering Instrument

Data gathering instruments are questionnaires to ex workers of Shints ETP Garment plc and face to face interview with HR manager and observation mainly focus in the production department.

### 3.5. Procedure of Data Gathering

The researcher has required permission from the Shints ETP Garment plc to conduct the study and after permission approved, The researcher then has booked an appointment with managers of the Shints ex-employees working company to visit and administer the questionnaires. The researcher then has visited each of the company and personally administered the questionnaires. The respondents has been guided on how to respond and assured of confidentiality after which they have given the questionnaires to fill within seven days. The researcher also has booked an appointment with the Shints Garment plc Human Resource Managers to carry out the interview. Observation was took place while the researcher visits the industry park both for the interview and questioner appointment. The data collection process has taken one month and two weeks.

### 3.6. Pilot Testing

Most research studies, either qualitative or quantitative, strive to attain validity and reliability. ‘Validity concerns the soundness, legitimacy and relevance of a research theory and its investigation. Whereas reliability refers to the consistency of finding, Reliability has to do with the extent to which measures obtained by using a particular instrument are repeatable. There are a number of coefficients of reliability that can provide the researcher with a check on the quality of an instrument.

The reliability of the questioner was tasted by the developer of the model and in the pilot study of this research, for accuracy analysis and interpretation. Researcher takes the sample tasting from questioner method from ex-employees of Shints ETP Garment plc.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.937	0.934	21

Sources: Own survey 2016

### **3.7. Method of Data Analysis**

The data analyzed in descriptive statistics intends to describe the data with summary charts and tables. The collected data was analyzed and then discussed. The result of the interview questions were integrated to the responses of management and ex-employees analyzed accordingly. Simple descriptive statistics such as percentages have an advantage over more complex statistics since they can easily be understood especially when making results known by a variety of readers. The coded data has been then transferred to a computer sheet and processed using Statistical Package for Social Sciences (SPSS) version 20. Conclusions were made based on the results and findings of the study and recommendations were forwarded on the basis of the data analyzed.

### **3.8. Ethical Considerations**

Ethical consideration in this study used data from primary and secondary sources. Ethical concerns include the following: voluntary participation, no harm intended to participants, privacy and confidentiality of participants ensured. The findings of this study is reported in aggregated form, thus no individual respondent can be identified.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1. Demographic Characteristics

Under this section the researcher collected information about the general background of the respondents, Such as age, gender, marital status and educational background. In addition to the above data's like respondents year of service in the company is presented in this section.

**Table 4.1** Characteristics of the Study Population

Variable		Frequency	Percentage
Age	Below 25	93	58.1
	25-30	46	28.8
	31-35	14	8.8
	Above 35	7	4.4
Gender	Male	54	33.8
	Female	106	66.3
Marital Status	Single	106	66.3
	Married	49	30.6
	Divorce	5	3.1
Qualification	Under 12	92	57.5
	12 Complete	31	19.4
	Diploma	25	15.6
	Degree	12	7.5
Year of Service	Less than 1 Year	48	30
	1-2 Year's	64	40
	More than 2 Years	48	30

Source: Questionnaire 2016,

Out of 160 participants, 93 (58.1 %) belong to age group of below 25 years, 46(28.8 %) to age group of 25-30, 14 (8.8 %) to age group of 31-35 years and 7 (4.4 %) to age group of above 35. This showed that most of the employees are younger. It is believed that younger

employees bring potent energy, derive, and enthusiasm to your company and they want also to be challenged and are confident that they can achieve whatever they put their minds to.

A total of 160 employees were included in the study with a response rate minimum 10%. Most of the respondents relatively were female 106 (66.3 %) and 54 (33.8 %) were male. As we can see from this result most dominant Ex-employees are female.

Out of 160 respondents 49 (30.6%) were married, 106 (66.3 %) were single and also 5 (3.1 %) were divorced. From the Ex-employee of Shints as we can see the majority are not getting married.

Out of 160 respondents 92 (57.5 %) were under 12, 31 (19.4 %) were 12 complete, and 25 (15.6 %) were diploma and 12 (7.5%) were have degree. This data showed that almost most of the EX-employees who filled the questionnaire are not well-educated and these are the EX-employees who are performing the organizations activities.

In the category of experience 48(30.0%) Ex employees of the organization served for less than one year, 64(40.0%) of Ex employees served one to two years and 48 (30.0%) Ex employees served for more than two years. From this the researcher understood that most of the respondents are experienced from one to two years and respectively the maximum is two years. Thus this result conducts that there is turnover.

#### **4.2. The Existing State of Employee Turnover**

In this section the data obtained on employee turnover from organization interview conducted with human resource manager of Shints ETP Garment PLC, and data collected through questionnaires from Ex-employees of the company are analyze, present ad interpreted by using percentage.

In order to answer the questions in the questionnaires respondents have to select their choice of answer based on the five point scale according to their opinion on each question.

By using all questioners, interview and direct observation by the researcher. Data was collected and analyzed in order to assess the root causes of employee turnover. As stated under the methodology part, to collect the data from employees, questionnaire was prepared and distributed to mainly products level employees. In this study, 300 questionnaires were distributed to the respondents and only 160 questionnaires were returned. That means the

response rate was to meet at least 10%. The remaining 140 questionnaires of the respondents failed to return. The questionnaire was structured in a 5 point Likert scale format.

A highly structured question format allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. Blumberg, Cooper and Schindler (2005:61) state that a Likert scale format on the other hand, involves the use of special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief of the statements about a given subject (Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) =4 and Strongly Disagree (SD) = 5). The 5 point Likert scale was chosen because it facilitates robust statistical analysis.

The interview result present and discussed together with the descriptive statistics table. When presenting the results, strongly agreed and agreed responses were combined, as with strongly disagreed and disagreed responses were also combined for the percentages. The first section in this chapter deals with demographic factors and the second section deals with the analyses of the response related to the causes of labor turnover. The results are presented in the form of tables. This study was both quantitative and qualitative method.

Table 4.1. Respondents Opinion on Salary

No	Statements	SA		A		N		D		SD	
		F	%	F	%	F	%	F	%	F	%
1	I resign because the payment is not compatible with my duty.	79	49.4	31	19.4	13	8.1	7	4.4	30	18.8
2	I resign because the payment is not same as with others who work same task with me.	65	40.5	35	21.9	20	12.5	14	8.8	26	16.3
3	I resign because there is no salary increment.	76	47.5	37	23.1	15	9.4	13	8.1	19	11.9
4	I left my job because it's not compatible payment with other company payments for the same task with me.	78	48.8	33	20.6	15	9.4	11	6.9	23	14.4

Source: Questionnaire 2016,

As indicated in Table 4.1 the respondents were asked if they left Shints ETP Garment plc because they felt that the payment is not compatible with their duty. In this view (49.4%) replied that they strongly agree with this idea, (19.4%) replied they agree, (8.1%) neutral,

(4.4 %) replied disagree, (18.8%) answered that strongly disagree with the idea which shows the payment is not compatible with their work duty. This shows the majority (almost 68.8%) agrees with the idea and that payment is the main cause of labour turnover in the company.

The second item ex-employees were asked if they left Shints ETP Garment plc because of the payment is not same as with others who work same task with them in this aspect (40.5%) replied strongly agree, (21.9%) replied agree, (12.5%) neutral, (8.8%) disagree and (16.3%) answered strongly disagree with the idea that states payment is not same as with other employees who work the same task. This indicates that the majority (61.9%) agrees with the idea that the payment is not same as with others who work same task together. which means this is the main cause of labour turnover in the company.

For the question about salary increment in the third item ex-employees answered that (47.5%) strongly agree with this idea, (23.1%) agree, (9.4%) Neutral, (8.1%) disagree, (11.9%) respond that strongly disagree with the statement resignation because there is no salary increment. The highest percentage (70.6%) implies that strongly agree that there is no salary increment in the company. This means as a researcher because of no salary increment the employee are motivated to leave the company.

The last item Four the respondent ex employees were asked if they left the company because of not compatible payment with other company payments for the same task with them. (48.8%) answered that strongly agrees, (20.6%) agrees, (9.1%) neutral, (6.9%) disagree and (14.4%) replied strongly disagree. The largest number around (69.4%) agrees in the statement that there is no compatible payment with another company payment for the same task. This shows the company is not well payer to the ex employees compared to another company thus, this is the main cause of turnover in the company.

The replay in this regard from Human resource manager explains like by differentiate in two ways even if there are different reasons for employee turnover. Workers salary and their life expense don't much. For example if we assume one worker salary is 1200 He/ she have to pay 800birr house rent, 250 for Dinner and Breakfast 50 birr for mobile card that means she/he will not have any money to spend for the whole month. secondly they can get more salary in other company because they already received Training in their company and if they went to another company they will just take test and according to their grade they can get more money because their company make a lot of hard to make clothes but other company make simple clothes like T-shirt when they are tested they can get more grade. The company

believes that the payment is good compared to another company in the same sector. As the manager said that they are increasing workers salary every month as well.

Generally in the aspects of payment in the organization as the researcher found from the survey it implies that there is no enough payment is not compatible with them duty, payment is not same as with others who work same task with them, there is no salary increment and because it's not compatible payment with other company payments for the same task with them is the highest percentage of agreement. Through this reason the labour will left the organization mean while the company will have extra cost to recruit new employees.

Table 4.2. Respondents Opinion on Work Environment

No	Statements	SA		A		N		D		SD	
		F	%	F	%	F	%	F	%	F	%
1	I left my job because the task burden is higher than the privilege.	61	38.1	32	20.0	9	5.6	10	6.3	48	30.0
2	I resign because the working hours are not fixed and based on rule.	36	22.5	25	15.6	19	11.9	20	12.5	60	37.5
3	I resign because there is no transportation facility in and around the company.	25	15.6	16	10.0	26	16.3	28	17.5	65	40.6
4	I resign because the working materials are not full filled.	35	21.9	10	6.3	29	18.1	27	16.9	59	36.9

Source: Questionnaire 2016,

As showed in the above Table 4.2 the respondents were asked if they left Shints ETP Garment plc the reason is the task burden is higher than the privilege. By this statement (38.1%) replied that strongly agree with the content, (20.0%) were agree, (5.6%) neural, (6.3%) disagree and the last one (30.0%) strongly disagree. From this finding the majority (58.1%) replied that agrees with the idea explains that the task burden is higher than the privilege. This means the company are not providing competitive privilege to the ex employee compared to the task burden of the ex employees. Because of competitive privilege is not available in the company it's the main cause for labour turnover.

The reason that to left the company is the working hours are not fixed and not based on rule as states in item two. The Ex-employees answered that (22.5%), (15.6%) reply agree, (11.9%) neutral, (12.5%) disagree and (37.5%) strongly agree. The respond to working hours are not fixed and not based on rule is the highest result (50.0%) is disagreed by the opinion. It indicates in this survey the company are using fixed working hour regarding to the law. This is good to the employees of the company that kept them right of working hour properly. Additionally working hour is not the main cause for labour turnover.

The third item states that for resign from the company because there is no transportation facility in and around the company. The ex employee respond (15.6%) strongly agree, (10.0%) agree, (16.3%) neutral, (17.5%) disagree, and (40.6%) strongly disagree. This survey indicates that about transport facility fulfillment (58.1%) replied disagree. This shows that the company gives the transport facility in a better way. Transportation facility is not the main cause of labour turnover in the company.

The reason to leave the company if it's because of the working materials not full filled as stated in the fourth item. The ex employees replied that (21.9%) strongly agree, (6.3%) agree, (18.1%) neutral, (16.9%) disagree and (36.9%) strongly agree. As we can see from the survey result (53.8%) disagree with the contents of the reason to leave the organization is because the working materials are not full filled. This indicates that the company is well organized in serving the working material fully. Means the working material fulfillment is not the cause of labour turnover in the company.

The manager answer that they are trying to create suitable environment and they already get approve from government to build dormitory. Once we build Dormitory a lot of workers will want to join their company and the current workers will not leave as much. Because Dormitory will be free and the company will provide breakfast and dinner. The workers can save a lot of money.

This implies as a researcher the company is well organized regarding of working material, transportation facility to employees and proper working hour. But, there is no competitive privilege with the task burden, thus it implies if there is no competitive payment and privilege the employee forced to leave the company.

### 4.3. Cause of Employee Turnover

Table .4.3. Respondents Attitude towards Leadership

No	Statements	SA		A		N		D		SD	
		F	%	F	%	F	%	F	%	F	%
1	Since the management didn't provide a clear instruction that forced me to resign.	41	25.6	26	16.3	16	10.0	22	13.8	55	34.4
2	My qualification & the task assigned is not related, thus I resign my job.	36	22.5	29	18.1	22	13.8	24	15.0	49	30.6
3	I resign because the management is not willing to solve my social, psychological or work related problem.	60	37.5	28	17.5	21	13.1	12	7.5	39	24.4
4	There is no motivation & promotion from management to my achievement therefore it makes me to leave the company.	61	38.1	29	18.1	18	11.3	12	7.5	40	25.0

Source: Questionnaire 2016,

According to the data presented in Table 4.3 the respondent were asked if they leave the company because of the management is not give clear instruction about the assigned task. They answered that (25.6%) strongly agree, (16.3%) agree, (10.0%) neutral, (13.8%) disagree and (34.4%) strongly disagree. The majority replied that (48.2%) disagree with the idea of the management is not give clear instruction about the assigned task. This tells us the management was giving the task instruction clearly is it mean this is not the main cause of labour turnover in the company.

Leaving the company because of the employee qualification is not related with the assigned task states in item two. The ex employees replied that (22.5%) strongly agree, (18.1%) agree, (13.8%) neutral, (15.0%) disagree and (30.6%) strongly agree. The mass replied that (45.6%) disagree about left the company because the qualification is not related with the assigned task. Thus, task assigned is not with the qualification is not the main reason to leave the company.

The third item states I resign because the management is not willing to solve my social, psychological or work related problem. The ex-employees respond (37.5%) strongly agree, (17.5%) agree, (13.1%) neutral, (7.5%) disagree and (24.4%) strongly disagree. The higher percentage answered that (55.0%) agree with the content of I resign because the management is not willing to solve my social, psychological or work related problem. This implies the management is not willing to solve the ex employees problem. So, the management not willing to solve the employees problems is the main cause of labour turnover in the company.

The cause to leave the company as indicated in item four I resign because there is no motivation and promotion to my achievement. The ex employees replied that (38.1%) strongly agree, (18.1%) agree, (11.3%) neutral and (7.5%) disagree and (25.0%) strongly disagree. More of respondent replied that (56.2%) agrees with the idea of there is no motivation and promotion to them work achievement in the company. This shows that there is no motivation and promotion to them in work achievement is the main cause of labour turnover.

Management forward that there is every month of promotion in the company and 350- 1000 workers get promotion. They consider Leaders Evaluation and Attendance (no absenteeism) have higher rank for promotion. The company believes there is good relation with management and employees.

This indicates the management provides clear job instructions and assigned the employees as per their qualification. Even if the management is not willing to solve the employees problem and also there is no motivation. If the management is not willing to solve the problem and not motivate the employees it derives the employee to leave the company.

#### 4.4. Effect of Employee Turnover on Organizational Effectiveness

Table 4.4. Respondents Opinion on Job Satisfaction

No	Statements	SA		A		N		D		SD	
		F	%	F	%	F	%	F	%	F	%
1	The type of work that under taken has not satisfied me in addition there is no opportunity for my achievement.	53	33.1	32	20.0	16	10.0	9	5.6	50	31.3
2	I left because there is no motivation and promotion.	49	30.6	38	23.8	17	10.6	14	8.8	42	26.3
3	I left because the job was not secure.	48	30.0	24	15.0	19	11.9	20	12.5	49	30.6
4	I resign because there is no opportunity to utilize my skill.	39	24.4	29	18.1	25	15.6	17	10.6	50	31.3

Source: Questionnaire 2016,

Table 4.4. Illustrates that why the employees leave the company in the aspects of not satisfied for the type of work and it doesn't provide opportunity for achievement. They replied that (33.1%) strongly agree, (20.0%) agree, (10.0%) neutral, (5.6%) disagree and (31.3%) strongly disagree. From the result the majority (53.1%) replied that agrees with the issue raised by the researcher they are not satisfied for the type of work and it doesn't provide opportunity for a better achievement. I can say this is the main cause for labor turnover in the company.

Regarding about there is no motivation and promotion in the company. (30.6%) strongly agrees, (23.8%) agrees, (10.6%) neutral, (8.8%) disagree and (26.3%) strongly disagree. The highest reply is (54.4%) agrees with the idea that there is no motivation and promotion in the company. Thus this make the employee not motivated and can be the main reason to turnover in the company.

I left because the job was not secure was raised in item three the ex employees answered that (30.0%) strongly disagree, (15.0%) agree, (11.9%) neutral, (12.5%) disagree and (30.6%) strongly disagree. As we can see from the above result the large number of respondent replied that (45.0%) agrees with the statement that they are feel job security in the company. Job

insecurity is the main cause of labour turnover in the company. Rapid growth of the industrial zone in the village creates high employment opportunity as well.

The last item in job satisfaction states that I resign because there is no opportunity to utilize my skill. The respondent respond that (24.4%) strongly agree, (18.1%) agree, (15.6%) neutral, (10.6%) disagree and (31.3%) strongly disagree. The most answered is (42.1%) agrees with the content related to this by minimum difference (41.9%) disagree. From this result there is controversy to decide in one result because of the result. Thus, I can say somehow if there is no opportunity to utilize the skill can be cause of turnover.

The implication of this result as a researcher if there is no any motivation, opportunity to upgrade the skill, and satisfaction in the job it can be the main reason to leave the company. Regarding this also the employees doesn't feel job security if any employees doesn't feel job security no one stayed in the company or long time.

#### 4.5. Effect of Employee Turnover on Performance

Table 4.5. Respondents Attitude towards Opportunity Training

No	Statements	SA		A		N		D		SD	
		F	%	F	%	F	%	F	%	F	%
1	I resign because there is no training in my working life.	33	20.6	13	8.1	28	17.5	27	16.9	59	36.9
2	I resign because the training is not related or compatible with the task.	28	17.5	24	15.0	28	17.5	24	15	56	35.0
3	I resign because the training has no any benefit to promotion and growth.	30	18.8	26	16.3	34	21.3	19	11.9	51	31.9
4	I resign because there is no updated training with the task related.	42	26.3	21	13.1	33	20.6	15	9.4	49	30.6

Source: Questionnaire 2016,

As indicated in Table 4.11 the respondents were asked if they left Shints ETP Garment plc because there is no training in my working life. The respondent stated that (20.6%) strongly agree, (8.1%) agree, (17.5%) neutral, (16.9%) disagree and (36.9%) strongly disagree.

(53.8%) replied that disagree in the idea that mention about there is no training in working lifetime. As the result tells because of providing training in the working lifetime is not the main cause of labour turnover in the company.

Regarding about item two states because the training is not related or compatible with the task ex employees answered that (17.5%) strongly agree, (15.0%) agree, (17.5%) neutral, (15.0%) disagree and (35.0%) strongly disagree. The majority of the respondent disagrees by (50.0%) by the statement that the training is not related with them task. Therefore not related training with task is not the main cause of labour turnover in the company.

I resign because the training has no any benefit to promotion and growth was the written in the item three and the respondent replied in the way of (18.8%) strongly agree, (16.3%) agree, (21.3%) neutral, (11.9%) disagree and (31.9%) strongly disagree. Most respondent answered that (43.8%) disagree in the issue that the training has no any benefit to promotion and growth. This implies that the statement is not the main cause for labour turnover in the company.

For the question I resign because there is no updated training with the task related. The ex employees of Shints ETP Garment replied that (26.3%) strongly agree, (13.1%) agree, (20.6%) neutral, (9.4%) disagree and (30.6%) strongly agree. The respondent (40.0%) replied that disagree with the idea and respectively (39.4%) agrees. Thus we can conclude somehow providing not updated training with related task is cause of labour turn over in the company.

Manager opinion regarding to training the company gives adequate training to the employees well and they assign for task based on their qualification. But for line workers qualification they doesn't have much place. They give much place for skill.

Employee turnover affects the company as the manager states it affects in different way. When the trained workers quit leaders have to train another new person this will take a lot of time. And the company plan was once the workers make one ordered cloth then when that order comes again since they already learned how to make it the company can get more benefit but now since a lot of workers quit the new workers have to be trained again. It also takes or spends money and decreasing products.

Researcher view regarding training the employees was getting training well related with the task they perform but the training is not updated timely. Outdated training drives the employees to leave the company as the result shown.

## CHAPTER FIVE

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary, conclusion and possible recommendations based on the analysis and interpretation of the collected data of major findings.

#### 5.1. Summary of Findings

Majority of the employees of the respondents are young, unmarried and academically they are under 12 even they are not complete the higher level education. And almost more than 50% of the respondents have less than two years of tenure, which is too short employment year. Regarding about the number of garment and Textile Company they worked, with less work life stability as there is choice.

As we can see from the result most and more than 50% of employees respond there is no salary increment and even the company doesn't pay same for employees working the same task. Additional to this even when the company payment compared with another company worker in the same sector the payment it's not attractive as the task burden is higher.

The company fulfilled the working material, transport facility to employees and the task they are working based on the fixed time as it goes by the rule but, the task burden is not related or compatible with the privilege that the employees get.

The management provides clear work instruction and assigned the employees for job based on their qualification. If it's like that also the management is not willing to solve the employee problem and there is no motivation and promotions to them work achievement.

The majority of the respondent they are not satisfied by the type of work and it doesn't provide opportunity for achievement. The employees believe that there is no job security and also motivation and promotion. Opportunity to utilize the skill also is not that much. The researcher found this from the result and more than half percent of respondent agrees by this opinion.

Regarding of training the respondent answered that they were getting updated, well related with them task and good to develop their skill training.

Derived from interview of human resource management manager, the company well knows about high labour turn over. The manager mentioned the reason why employees leave the company one is salary is not compatible the life style. Secondly opportunity of getting job easily as they get enough training in this company it is easy to get job in another company. When there is high turnover the company loses many things as the manager states. When one employee leave the company they have to train the new employees starting from recruiting process until the new employee start job it costs a lot. Additional to this the company will decrease productivity as it should have to wait until the new employee start working.

To solve this problem the company now is dealing with the government to get additional land to construct dormitory to the employee and it will provide breakfast and dinner as their plan. After implementing this plan the turnover many will decrease as they opinion. The company believes they are well payer to employees than other company.

## **5.2. Conclusions**

Based on collected data discussion and analysis the following conclusions are drawn.

From this study result the major cause for employee turnover in Shints ETP Garment is salary. As the result implies the employees are not satisfied because of low salary that makes the employees unmotivated. Even though there are other causes drive employees to leave the company but salary is the main one.

There are internal and external factors that affects the employees regarding of turnover. From the internal factor somehow the management is not willing to solve employee's problem, lack of motivation and promotion. In bole lemi industry zone there are around ten companies who has working in similar sector so, there is opportunity regarding of getting job. Thus the company can control by amending the salary.

Employee turnover affects the company in different ways to recruit the employee it takes time and cost plus to this it takes time to train the new worker in the mean time the order doesn't finished based on the scheduled time. This means it the problem goes in to delay of delivery products based on the schedule.

The company plan to reduce labour turnover is constructing dormitory and providing breakfast and dinner it minimizes the turnover rate. But until this plan implement it's better to increase salary, create good relation employees, promote and motivate and solving their problems.

### **5.3. Recommendations**

Based on the entire study the following recommendations are made for Shints ETP Garment PLC.

Human resource is considered to be the most important resource of an organization to remain competitive in today's competitive business world. The management as they aware of high employee turnover they should have to use retaining mechanism increasing salary and pay compatible payment related to the task burden. For further reference the company should conduct a formal research on cause of employee turnover, and present its finding to the Board of Director of the Company/Owners/Owners Representative, in order to adjust the salary scale of employees and to fulfill basic and essential privilege. It helps the management to pay faire salary to employees and good mechanism to retain the employees.

Building Positive relationship between management and employees, this can be achieved by regular staff meetings; especially where all staff has the opportunity to feedback their issues and concerns, arranging proper promotion and motivation schedule to all employees.

Since the management of the organization is aware labour turnover, it could strongly work on retention mechanisms like encourage employees to participate in decision making, arrange good working environment, giving promotions, sharing benefits based on their performance, giving clear path for career advancement, could still work on good training and development mechanisms.

As the organization has no formal employee's representative, it is better to have it since it contributes for employees to solve problems they face at working environment.

Supervisors of the organization should work closely with subordinates and arrange flexible working condition to retain employees. Prepare schedule of shift to employees by concerning high productivity from the company aspects also.

Giving recognition for significant accomplishment, chance of advancement and giving opportunity to grow and career development has to be taken in to consideration.

Providing updated training that helps to employees to upgrade their skill and work performance. In the regard of management should have to be well motivated to support the employees as much as they can try to understand and solve employee's problem. Good management and employee relationship minimizes the turnover somehow.

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Dear respondents my name is Sewnet Hailu. I am conducting a research. This questionnaire is developed to collect data on the topic entitled "Causes of labour Turnover": - The Case of Shints ETP Garment". It is carried out for academic purposes, to write a Thesis, in partial fulfillment of the requirement for the Masters of Business Administration. Moreover, it might also serves as input for policy makers and implementers to change the situation. Filling the survey questionnaire is voluntary. Your genuine response will provide valuable information on the topic. The information you provide is completely confidential.

Thank you for your valuable time

## Survey Questionnaires for Ex-employees of Shints ETP Garment Factory

Pleas Mark  on your answer.

### A. Demographic Characteristics of Respondent

1. Age      below 25     25-30     31-35     Above 35

2. Gender      M       F

3. Marital status    Single     Married     Divorce

4. Qualification    Under 12     Complete 12     Diploma     Degree

5. Year of service in the company and other organization.

<1 year     1-2 year     More than 2 years

## B. General Opinion of Respondent about Employee Turnover

Please indicate the extent to which you agree or disagree with the statements in Table questions given below regarding your perception. Where 1 = Strongly Agree; 2=Agree; 3= Neutral; 4 = Disagree; 5= Strongly Disagree.

### Salary

No	Statements	SA	A	N	D	SD
1	I resign because the payment is not compatible with my duty.					
2	I resign because the payment is not same as with others who work same task with me.					
3	I resign because there is no salary increment.					
4	I left my job because it's not compatible payment with other company payments for the same task with me.					

### Work Environment

No	Statements	SA	A	N	D	SD
1	I left my job because the task burden is higher than the privilege.					
2	I resign because the working hours are not fixed and based on rule.					
3	I resign because there is no transportation facility in and around the company.					
4	I resign because the working materials are not full filled.					

### Management/Leadership/supervision

No	Statements	SA	A	N	D	SD
1	Since the management didn't provide a clear instruction that forced me to resign.					
2	My qualification & the task assigned is not related, thus I resign my job.					
3	I resign because the management is not willing to solve my social, psychological or work related problem.					
4	There is no motivation & promotion from management to my achievement therefore it makes me to leave the company.					

### Job Satisfaction

No	Statements	SA	A	N	D	SD
1	The type of work that under taken has not satisfied me in addition there is no opportunity for my achievement.					
2	I left because there is no motivation and promotion.					
3	I left because the job was not secure.					
4	I resign because there is no opportunity to utilize my skill.					

### Training

No	Statements	SA	A	N	D	SD
1	I resign because there is no training in my working life.					
2	I resign because the raining is not related or compatible with the task.					
3	I resign because the training has no any benefit to promotion and growth.					
4	I resign because there is not updated training with the task related.					

Dear respondent thank you for your valuable time. My name is Sewnet Hailu is conducting a research. This interview questions are developed to collect data on the topic entitled “Causes of labour Turnover’’: - The Case of Shints ETP Garment”. It is carried out for academic purposes, to write a Thesis, in partial fulfillment of the requirement for the Masters of Business Administration. Moreover, it might also serves as input for policy makers and implementers to change the situation. This interview is prepared for managers of the Shints ETP garment plc to find out the reason of turnover in the company. The result of this interview will be used to supplement the data gathered from the questionnaire in the analysis.

### **Interview Questions to Human Resource Manager of Shints Garment Factory.**

#### **A. General Opinion of Respondent about Employee Turnover**

1. Is the management knows about high labour turnover in the company?
2. What is the cause of employee turnover?
3. Did employee turnover affect the company, if it's in which way?
4. Do you think that your company pays fair salary compared to other company?
5. What kind of techniques are you using to hold the experienced employee?
6. Did you give adequate training to your employee related to their task?
7. When you assigned task to employees is that related to their qualification?
8. Is there any promotion technique used by management to upgrade the employees?