



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

**FACTORS THAT AFFECT EMPLOYEE TURNOVER INTENTION**  
**AT HEINEKEN BREWERIES SC, ETHIOPIA**

**BY**  
**TADESSE TIRUNEH**

**January, 2018**

**Addis Ababa**

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**A Research Project Submitted To St. Mary University School of  
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**APPROVED BY BOARD OF EXAMINERS**

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## **LIST OF ACRONYMS/ ABBRIVATIONS**

CIPD - Chartered Institute of Personnel and Development

HRM - Human Resource Management

EIC - Ethiopian Investment Commission

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## ABSTRACT

*Research to minimize employee turnover has brought to attention a variety of inconsistent findings. For this very reason, it remains a challenge to many firms in specially those which operate in fast moving goods production such as Heineken SC. This study, therefore, identifies the relationship between intrinsic factors which encompass job satisfaction, target achievement, team work, career advancement and freedom to perform duties and responsibilities and extrinsic factors which are expressed as compensation, benefits, working culture and interpersonal relationships, both of which factors that affect employee turnover intention. Respondents were only current employee and middle level managers. The staff was categorized into four strata, namely central, brewery and sales staffs. Thus, stratified random and convenience sampling method was employed and 278 respondents were selected from 1000 staffs and out of these 213 are replied. . The response rate was 76.61 %. The research was done based on primary and secondary data sources. A self-administered questionnaire was designed to collect the relevant information from the respondents. Qualitative and quantitative research approach were employed. The data from interview generated qualitative data and the quantitative data generated from research questioner. The collected data were analyzed using descriptive statistics and employed binary logits regression analysis to get the desired outcome of the research.. The results revealed that job satisfaction lines up with line managers, freedom to perform duties and responsibilities and compensation and benefits these are the major factors that affect employee turnover intention. Results also revealed that there was an inverse relationship between the turnover intention and intrinsic and extrinsic factors. Having competitive compensation structure proved to be has the decisive factor driving employee turnover intention.*

**Keywords:** *Intention of employee turnover, intrinsic factors, extrinsic factors.*

# **CHAPTER ONE**

## **INTRODUCTION**

In this section the researcher discusses the research background, problem statement, research question, and objective of the study, scope of the study, significance of the study and organization of the paper.

### **1.1. Background of the Study**

Human resources are the basis for organizational existence and development. Since employee turnover is one of the most decisive factors impacting organizational success, human resource professionals and the organization are keen to implement different mechanisms and study the trend of turnover to assess the organization ability to attract and retain talent. This requires that measures are taken to address the areas that need special attention and to manage accordingly Martin (2003). One of the functions of management is to motivate people to remain in the organization for reasonably long time periods Ghosh and Kumor (2003). Failure to do so leads the organization to lose skilled and trained employee, affecting the organization's operation significantly by delaying organization growth and increasing organizational training and development costs. Employee turnover, then, is a costly aspect of organization management, besides the disruptive effect of upsetting the manpower plan of the organization Davidson (2010).

There are many factors of employee turnover, but for this study the researcher considers two of the major factors which are discussed briefly. These are characterized as intrinsic and extrinsic factors.

Intrinsic factors refers to behavior that is driven by internal rewards. It is the psychological process that gives behavior direction in a purposive manner to achieve specified needs Locke (1990). It's the internal drive to satisfy an unsatisfied need and the will to achieve Ulrich (2007). Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials Coon and Mitterer (2010). Employee are

intrinsically influenced by job satisfaction, achieving and exceeding targets, cohesive team work, challenging tasks and the need to have control and freedom over assigned duties and responsibilities.

Extrinsic factors on the other hand comes from outside the individual. Common extrinsic motivators are rewards like money and grades, pressure and threat of punishment. Extrinsic factors can be internalized by the individual if the task fits within their values and beliefs and therefore helps to fulfill their basic psychological needs Maslow (1943). Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and job satisfaction. The most important aspect is a combined strategy that will facilitate productivity and retention of staff within the cost structure of organizations.

Like other consumer goods industries, the beer industry is one of the fast growing industries in Ethiopia EIC (2016). Since the sector is opened to foreign investors, several international breweries have come and invested in the area, creating high competition in the beer market by introducing different brands. Thus, focus to attract and retain high performing employee in order to win in this competitive market is critical. This competition among breweries and companies within the industry creates a situation conducive to the employee continuously looking for better reward packages, development opportunities, working conditions and so on. Furthermore, companies are always compelled to work hard to create and sustain competitive environments that enable employee to be satisfied with their job related needs. Heineken Breweries SC is part of Heineken International BV, which is the world leading brewer operating in more than 70 countries with more than 250 brands. HEINEKEN entered the Ethiopia market in 2011 by acquiring Harar and Bedele Breweries from the government through the privatization process. Heineken opened a new state of the art, and largest brewery in Addis Ababa, in 2015 to have a sustainable national position in Ethiopia. The Company locally produces Heineken, Walia, Walia Radler, Bedele Special, Bedele, Harar, Sofi Malt and Buckler, with a workforce of more than 1000 young and highly qualified professionals.

Employee turnover may be initiated by the employee, referred to as voluntarily turnover; most of the time this is major problem for the organization Locked and Stephens (2004).

Involuntary turnover is initiated by the organization; this forces the employee to leave the company and is customarily identified as termination. Despite Heineken being one of the best paying companies in the industry, voluntary turnover is one of the challenging issues for operating in an emerging market with scarce talent.

## **1.2. Statement of the Research Problem**

The employee can be classified as a good performer or a poor performer. The prevalence of a poor performer might be a good opportunity for the company to replace with a new employee who has potential for better performance. In this case, there is no significant economic implication. The company gives greater consideration for high performer turnover Morelle and WilKinson (2004) which affects the success of the organization. As Zahid (2013) defines, employee turnover intention is a feeling of employee to leave the organization. Turnover intention has been widely used in much research as an appropriate dependent variable which is linked with the actual turnover and more preferably shows the feeling of currently working employee. Heineken has experienced significant turnover of employee, particularly starting from the year 2014 onward. Employee turnover has increased from 6% in 2014 to 7% in 2015 and 7.4% in 2016 Heineken (2016). The company has a practice of conducting exit interviews of resigned employee. This interview needs a thorough analysis and review to provide proper understanding of the factors of turnover.

In the current literature, there are many studies which have been conducted on the subject turnover intention mainly on the public sector and other governmental organizations. As far as the researcher knowledge there have been no empirical studies conducted on multinational corporations in both dimensions of intention and causes of turnover. This paper therefore focuses on the Factors of Employee Turnover Intention in Heineken Breweries SC to assess the level of intention and its factors to give insight for review and for developing appropriate practice.

## **1.3. Basic Research Questions**

In line with the research problem, the study address the following research questions.

1. What is the effect of intrinsic factors on employee turnover intention?
2. What is the effect of extrinsic factors on employee turnover intention?

3. What is the level of employee turnover intention in Heineken Breweries?

## **1.4. Objectives of the Study**

### **1.4.1. General Objective:**

The general objective of the study is to identify factors that affect employee turnover intention at Heineken Breweries SC, Ethiopia.

### **1.4.2. Specific Objectives of the Study:**

1. To identify the intrinsic factors affecting turnover intention in Heineken Breweries.
2. To find the extrinsic factors affecting turnover intention in Heineken Breweries.
3. To determine which of the intrinsic and extrinsic factors affect employee turnover intention.

## **1.5. Research Hypotheses**

The researcher has chosen to identify the following intrinsic and extrinsic factors that affect employee turnover intention by using the following hypotheses:

H1: Job satisfaction doesn't affect employee turnover intention.

H2: Competitive Compensation doesn't affect employee turnover intention.

H3: Competitive Benefits doesn't affect employee turnover intention.

H4: Job security doesn't affect employee turnover intention.

H5: Interpersonal relation doesn't affect employee turnover intention.

H6: Team work doesn't affect employee turnover intention.

H7: Availability of training doesn't affect employee turnover intention.

H7: Having work life balance doesn't affect employee turnover intention.

H8: Achieving desired target doesn't affect employee turnover intention.

H9: Freedom to perform assigned duties and responsibilities doesn't affect employee turnover intention.

H10: Performing the challenging task doesn't affect employee turnover intention.

H11: Meeting the social status doesn't affect employee turnover intention.

## **1.6. Significance of the Study**

Attaining organization objectives and winning the market are very important issues for a business organization. The secret behind the success of most organizations is an effective and efficient utilization of required resources that avail in the environment. Human Resources are one of the vital resources of the organization and these resources are mainly affected by employee turnover; consequently, employee turnover is one of the most challenging issues in business nowadays CIPD (2003). Therefore, this study is significant to the company for its assessment of the factors of turnover and employee turnover intention and the insights it may offer to human resource practice. In addition to this, the study findings have the following benefits:

1. It delivers input for company decision makers and implementers to review human resource practice.
2. It serve as a benchmark for other companies to review their own factors that affect employee turnover intention.
3. It serves for future reference and further study on the subject matter.

## **1.7. Scope of the Study**

The term turnover is broad in nature and it mainly encompasses voluntary and involuntary turnover. The scope of the study was limited to an examination of the factors and intention of voluntary turnover for both managerial and non-managerial employee who work as permanent employee in all sites of the Company, the people on top management positions are not included in this research project. The time horizon of the study also delimited from 2013 to 2016 due to the company's start of operation as of 2011 and proper documentation is available for these period.

## **1.8. Limitation of the Study**

The study is limited to the practice and challenge of Heineken Breweries and only existing employee and managers were selected as respondents for the questioner and interviews and review of the exit interview procedure in place.

The data were collected from the company employee and some respondent were not able to return a questioner in due time and it was a difficult task to wait until all return as intended. Hence, these negatively affect the quality of subject study.

## **1.9. Organization of the Research Study**

This thesis consists of five chapters. The first chapter which is the introduction deals with background, statement of the problem, objectives, significance, limitations of the study and hypotheses. The second chapter provides an overview of the state of the art analysis in both empirical and theoretical literature. The third chapter presents the methodology used in this study, including research design, sampling techniques, data collection methods and tools, data interpretation, and presentation methods used. Chapter four contains results and discussion. Finally, the fifth, closing, chapter focus on summary of major finding findings, conclusions and recommendations.



## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This section provides theoretical literature, empirical review and the conceptual framework of the study.

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

##### **2.1.1. Concepts of Employee Turnover**

Different authors define the term turnover in various ways; among them Price (1977) defined turnover as the ratio of number of organization members who have left during the period being considered divided by the average number of people in the given organization during that period of time Price (1977). Employee turnover is considered to be one of the persisting problems in organizations Armstrong (2009). The turnover means that another organization may gain the knowledge of a new employee who can consequently strengthen its competitive advantage. The loss of knowledge thus is a threat for the former organization, which increases the significance of knowledge continuity Hana and Lucie (2011).

Turnover is a reduction in the number of employee through retirement, resignation, reassignment, transfer or means other than layoffs Mani and Kumar (2006). Morrell (2001) also defined turnover as a means to voluntary cessation of membership in an organization by an employee of that organization. As we understand from both definitions, turnover is considered a process associated with the movement of an employee from one place or position to another by their own or company initiative. On the other hand, it is considered a means of 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).

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. Voluntary turnover is when an employee chooses to quit their job. When the company ends the working relationship through either layoff or discharge, this is an involuntary turnover. Not all employee turnovers can be controlled by the company, but addressing the rate of voluntary turnover can and should be a priority for managers.

Griffeth and Hom (2001) focused on the part of turnover that is of real concern to an organization by differentiating between voluntary and involuntary turnover. In other words, did the employee choose to leave the job or was it a decision made by the employer? Then, voluntary resignations are further distinguished between functional (exit of substandard performers) and dysfunctional (exit of effective performers). Finally, unavoidable resignations over which the employer has no influence are also left aside (family move, childbirth, serious illness or death). This leaves the group of avoidable resignations as the key focus. It also implies that to allow an informed decision, turnover rates have to be calculated down to department level, to identify which areas are most problematic.

### **2.1.2. Type of Turnover**

Griffeth and Hom (2001) classify turnover as voluntary and involuntary and define voluntary turnover as what happens when the employee resigns by his own initiative. On the other hand, involuntary turnover refers to when the turnover decision is made by the employer.

#### **Avoidable Vs Unavoidable Turnover:**

Another classification of turnover is avoidable vs unavoidable turnover. A turnover that happens in avoidable circumstances is called 'Avoidable Turnover', whereas a turnover that happens in unavoidable circumstances is called 'Unavoidable Turnover'.

#### **Functional Vs Dysfunctional Turnover:**

Functional turnover can be defined as 'A turnover in which poor performers leave' while Dysfunctional turnover can be defined as 'A turnover in which good performers leave'

## **Internal Vs External Turnover:**

Turnover can be classified as 'internal turnover' or 'external turnover'. Internal turnover happens when employee send-off their current position and get a new position within the same organization. It is related with internal recruitment where organizations fill vacant positions by recruiting from employee within the organization.

### **2.1.3. Causes of Turnover**

There are various factors that determine turnover such as job satisfaction, job stress (psychological), quality of work life balance, age, gender, tenure, marital status (demographic) and so on Shamsuzzohat and Shumon(2009). These are presented below in detail:

- A. The economy-** One of the most common reasons given for leaving a job is the availability of higher paying jobs. Some minimum wage workers reported 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.
- B. 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.
- C. Demographics -**empirical studies have demonstrated that turnover is associated in particular situations with demographic and biographical characteristics of workers.
- D. 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.

- E. A bad match between the employee skills and the job**– Employee who are placed in jobs that are too difficult for them or whose skills are under-utilized may become discouraged and quit the job.
- F. 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, employee will not be willing to put up with the inconvenience for a long time.
- G. 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.
- H. Feelings of not being appreciated** – since employee generally want to do a good job, it follows that they also want to be appreciated and recognized for their work. Even the most seasoned employee needs to be told what he or she is doing right once in a while.
- I. Inadequate or lackluster supervision and training** – Employee need guidance and direction. New employee 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.
- J. Unequal or substandard wage structures** – Inequity in pay structures or low pay are great causes of dissatisfaction and can drive some employee 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.

According to Goyal (2002) turnover intention can be happen by two factors: push and pull factors, the pull factors are associated with growth of the economy while the push factor is associated with job dissatisfaction.

According to the finding of Msomi's organization specific study in Eastern Cape Department of agriculture UKhahlamba district (2010), the following are the major factors that affect employee turnover intention:

- a. Communication within the organization.
- b. Leadership and the organization.
- c. Participation in decision making.

#### **2.1.4. Intrinsic Factors that Affect Employee Turnover**

Intrinsic factors refers to behavior that is driven by internal rewards. It is the psychological process that gives behavior direction in a purposive manner to achieve specified unmet needs Locke, et al (1990). It's the internal drive to satisfy the unsatisfied need and the will to achieve Ulrich (2007). Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials Coon and Mitterer (2010). Employee are intrinsically influenced by job satisfaction, achieving and exceeding targets, cohesive team work, challenging tasks, and need to have control and freedom over assigned duties and responsibilities.

Intrinsic factors provide the reason why we perform certain activities for the inherent satisfaction or pleasure derived in performing them Brown (2007). Essentially, intrinsic factors increase when there is a gap between an individual's actual state and some desired state and there is an urge to reduce this gap. Intrinsic motivation is driven by an interest or enjoyment in the task itself and exists within the individual rather than coming from external pressure Malone and Lepper (2007). Today's employee are unwilling to stay with employers for lengthy periods of time unless they have control and freedom over their work Stairs, et al (1991). The work environment must therefore be congenial to intrinsic factors in order to promote higher retention rates. Intrinsic factors are internally generated by employee and this includes goal directedness, human volition or free will, job satisfaction, and desires. These are the internal factors that employee can control Fritz, et al (1985).

Employee can facilitate intrinsic factors by pursuing goals relating to their esteem. When performance feedback is available control is maintained, cooperation, and competition and recognition are enhanced and incorporated into all activities Armstrong (2005). These factors are perceived as salient and will determine the level of autonomy and competence and ultimately influence intrinsic factors Horn (2008). This autonomy and control is what current employee find more exhilarating in today's employment. Psychologist Deci (1975) demonstrated how external consequences influence intrinsic motivation, in a theory focused on how competence and autonomy are influenced by external behavior. Management can positively enhance events like by issuing an award for a job well done and certificates of performance so that intrinsic factors are improved. Similarly, actions perceived to diminish intrinsic motivation should be shunned in an organization Deci and Ryan (1985).

Feedback mechanisms during performance management provide a positive force in improving intrinsic factors that will later influence staff retention. The rewards and incentives attached to performance have favorable implications for intrinsic factors Fehr and Falk (2002). Long term effects rather than short term perspectives must be considered to avoid detrimental impacts on intrinsic factors and retention Hidi and Harackiewicz (2000). Elements for arguments include comprehensive understanding of the relationship of intrinsic and extrinsic factors on employee relations and expected payoff between performance and monetary compensation Vansteenkiste et al (2006).

#### **2.1.5. Extrinsic Factors that Affect Employee Turnover**

Extrinsic factors come from outside the individual. Common extrinsic motivators are rewards like money and grades, coercion and threat of punishment. Extrinsic factors can be internalized by the individual if the task fits within their values and beliefs and therefore helps to fulfill their basic psychological needs Maslow (1943). Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and job satisfaction. The most important aspect is a combined strategy that will facilitate productivity and retention of staff within the cost structure of organizations. Extrinsic rewards on staff retention will provide an outstanding perspective on how management

can implement a winning combination of extrinsic and intrinsic factors that will increase job satisfaction, productivity and reduce staff turnover.

Rewards must match achievement and competencies such that training, mentorship and skills enhancement will improve productivity and facilitate retention. Reward systems that are performance based and feedback oriented increase employee morale, satisfaction, and loyalty and hence improve retention and ultimately reduce staff turnover. Meudell et al (1988) have revealed that extrinsic factors like competitive salaries, job security, interpersonal relations and conducive environment were cited by employee as key motivational variables that influenced their retention in the organizations. The desire for money, fame, and attention or the wish to avoid punishment is every individual's wish, and behavior is skewed towards this direction. The implication is that management should not rely on intrinsic factors alone to motivate and retain employee; instead a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy. The hierarchical needs according to Maslow (1943) should be packaged and tailor made such that extrinsic and intrinsic factors provide effective complementary HRM practices which are attractive in the labor market.

#### **2.1.6. Benefits of Turnover**

Emerging market turnover and replacement activity consume a lot of company time and money resources. However, turnover also has its own constructive implication outcomes; below are some of the potential advantages of employee turnover:

- The first benefit of turnover is laying off of unproductive employee who could not match themselves with modern ways of working after different development programs. This enables the company to replace with new employee who have different skills and mindsets better suited to the existing technology and competitive market situation McEvoy and Cascio (2009).
- Some employee might be highly paid in terms of salary or benefits due to long working experience but can be easily replaced by other relatively cheap employee, so turnover of these relatively expensive employee is another benefit of turnover Glebbek and Bax (2010).

- Turnover can be used as a means of reducing redundancies in personnel with lower termination costs Glebbek , et al (2010).
- Turnover facilitates the opening of vacancies for internal employee and young and highly skilled employee in the form of promotion which is a vital instrument to enhance motivation and the sense of belongingness of the employee that fosters productivity Baron and Kreps (1999), Cappelli (2000).

### **2.1.7. Measuring Employee Turnover**

According to the CIPD (2013), turnover can be measured by taking the percentage of leavers in a certain period in relation to a percentage of the number employed during the same period, usually on a quarterly or annual basis which is expressed as follows:

$$\text{Turnover rate} = \frac{\text{Number of leavers} \times 100}{\text{Total number of employee}}$$

The average number working refers to the number of employee who are working in the company in the given period. The limitation of this method is that it doesn't distinguish the number of voluntary from non-voluntary leavers. So it is important to distinguish whether causes of turnover are voluntarily or dismissal and that the number generated from the formula reflects this.

### **2.1.8. Strategies to Minimize Employee Turnover Intention**

Strategies to minimize turnover intention address problems of employee turnover; management has several policy options including changing or improving existing policies towards recruitment, selection, induction, training, job design and wage payment. Policy choice, however, must be appropriate to the precise diagnosis of the problem Kuria, et al (2012). Employee turnover attributable to poor selection procedures, for example, is unlikely to improve were the policy modification to focus exclusively on the induction process. Equally, employee turnover attributable to wage rates which produce earnings that are not competitive with other firms in the local labor market is unlikely to decrease were the policy adjustment merely to enhance the organization's provision of on-the-job training opportunities. Given that there is increase in direct and indirect costs of labor



turnover, therefore, management are frequently compelled to identify the reasons why people leave organizations so that appropriate action may be taken. Extensive research has shown that the following categories of human capital management factors provide a core set of measures that senior management can use to increase the effectiveness of their investment in people and improve overall corporate performance of business.

As Whit (1995) explains, employee engagement, the organization's capacity to engage, retain, and optimize the value of its employee, hinges on how well jobs are designed, how employee' time is used, and how the commitment and support that is shown to employee by the management motivates employee to stay in organizations.

Knowledge accessibility, the extent of the organization's flexibility and its capacity for making knowledge and ideas widely available to employee should contribute to encouraging employee to stay in the organization. Sharing of information should be made at all levels of management. Accessibility of information leads to stronger performance from the employee and creates a strong corporate culture Meaghan (2002). Therefore, information accessibility makes employee feel that they are appreciated for their effort and motives for leaving the organization are minimized.

Workforce optimization, the organization's success in enhancing the performance of the employee by establishing essential processes for getting work done, providing good working conditions, establishing accountability and making good hiring choices, is a critical strategy to retain employee in the organization. The importance of gaining better understanding of the factors related to recruitment, motivation and retention of employee is further underscored by rising personnel costs and high rates of employee turnover (Badawy, 1988; Basta and Johnson, 1989; Garden, 1989; Parden, 1981). With increased competitiveness brought about by globalization, managers in many organizations are experiencing greater pressure from top management to improve recruitment, selection, training, and retention of good employee and in the long run to encourage employee to stay in organizations Sherman (1986).

Job involvement describes an individual's ego engagement with work and indicates the extent to which an individual identifies psychologically with his/her job Kanungo (1982). Involvement in terms of internalizing values about the goodness or the importance of work made employee unlikely to quit their jobs and this involvement is related to task

characteristics. Workers who have a greater variety of tasks tend stay in the job. Task characteristics have been found to be potential determinants of turnover among employee (Couger, 1988; Garden, 1989; Goldstein and Rockart ,1984). These include the five core job characteristics identified by Hackman and Oldham (1980). Skill variety refers to the opportunity to utilize a variety of valued skills and talents on the job. Task identity refers to the extent to which a job requires completion of a whole and identifiable piece of work done from beginning to end with visible results. Task significance reflects the extent to which the job has a substantial impact on the lives or work of other people, whether within or outside the organization. Job autonomy indicates the extent to which the job provides freedom, independence, and discretion in scheduling work and determining procedures that the job provides. Finally, job feedback refers to the extent to which the job provides information about the effectiveness of one's performance Tor, et al (1997). Involvement influences job satisfaction and increases organizational commitment to the employee. Employee who are more involved in their jobs are more satisfied with their jobs and more committed to their organization Blau and Boal (1989); Brooke, et al (1989); Kanungo (1982). Job involvement has also been found to be negatively related to turnover intentions Blat and Boal (1989). Job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude towards the organization, thus having a direct influence on employee turnover intentions. Job satisfaction, job involvement and organizational commitment are considered to be related but distinguishable attitudes Brooke, et al (1989). Satisfaction represents an effective response to specific aspects of the job or career and denotes the pleasurable or positive emotional state resulting from an appraisal of one's job or career (Locke, 1976; Porter, et al 1974; Williams and Hazer, 1986).

Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employee feel towards the organization. Job involvement represents the extent to which employee are absorbed in or preoccupied with their jobs and the extent to which an individual identifies with his/her job Brooke, et al (1989). The degree of commitment and loyalty can be achieved if management enrich the jobs, empower, and compensate employee properly.

Empowerment of employee should help to enhance the continuity of employee in organizations. Empowered employee work in an environment where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinates Malone (1997).

Managers act like coaches and help employee solve problems to increase their feeling of responsibility. Superiors empowering subordinates by delegating responsibilities to them lead to subordinates who are more satisfied with their leaders and consider them to be fair. In turn, such employee are more likely to perform up to their superior's expectations Keller and Dansereau (1995). All these factors make employee committed to the organization and minimize chances of quitting.

### **2.1.9. Theories of Employee Turnover**

During the past several years, researchers have committed extraordinary efforts to finding the reasons why employee leave their jobs. The contributions of these theories briefly outlined below.

According to March and Simon's theory of organization equilibrium (1958), when an individual tries to satisfy his needs or motives, in many cases he cannot get enough satisfaction due to many types of human limitations. In order to overcome these limitations, especially common physiological limitations, the individual develops cooperative systems. This is because cooperative systems can produce more satisfaction than the sum of individual satisfaction. The structure of this cooperative system is composed of four subsystems: a physical system, a personal system, a social system, and the organization. Among these four, the organization is the nucleus which joins the other three. Therefore, the survival of the cooperative system depends upon the function of the organization. The functions of the organization are the creation, transformation, and exchange of utilities to satisfy the needs of individuals within the cooperative system. The result is called the participants' satisfied state "the attainment of efficiency." The survival of the cooperative system is thus dependent upon the attainment of efficiency. From an organizational point of view, the organization is made up of its participants' contributions. Thus the survival of the organization depends upon the continuity of

contributions from individuals who make up the whole. The contribution of individuals depends upon inducements given by the organization in return for their contribution, which, in turn, then satisfies individual motives.

The Mobley model (1977) was a landmark conceptual piece that generally explained how job dissatisfaction can lead to employee turnover. The model proposes that an employee is likely to experience seven sequential and intermediate stages between job satisfaction and eventual turnover. Specifically, Mobley theorized that job dissatisfaction likely leads an employee to think about quitting.

Porter and Steers (1973), in their 'Meet Expectation Model', suggest that people tend to leave their jobs when their expectations are not fulfilled. In this model, employee meeting expectations was a driving factor influencing turnover decisions.

Based on Price's earlier work (1977), Price and Mueller (1981,1986) developed a comprehensive structural model which identified the antecedents of job satisfaction and intent to leave and added organizational commitment as a mediator between these two variables. Distal antecedents of turnover were, among others, the nature of the job (e.g., routinization), participation, distributive justice, and family ties. Price's work represented a major shift in focus horizontally and vertically by moving our analysis to the causes of job satisfaction. Steers and Mowday (1981) attempted to incorporate all prior "piecemeal" turnover models into a comprehensive process model of voluntary employee turnover.

Hom , et al (1984) drew from Mobley's process model to propose an alternative model that suggests two decision paths. Once employee think about quitting, intend to quit, and evaluate the expected utility of quitting, they either undertake a job search and compare their available alternatives to their current job or directly resign. The models briefly outlined above have initiated and significantly advanced turnover research, and much of today's research is still grounded in one or more of these traditional theories.

An unconventional turnover theory was introduced by Sheridan and Abelson's (1983) cusp catastrophe model. The model incorporates two withdrawal determinants,

organizational commitment and job tension, which define a two-dimensional control surface with withdrawal behavior as a third, vertical axis. The model made some unique predictions and suggested, for example, that employee with dissimilar commitment and tension levels may exhibit the same level of withdrawal behavior. It was seen as “a provocative divergence from traditional linear thinking and was the first to model turnover as a dynamic process” Hom and Griffeth (1995). However, little subsequent research directly tested these specific ideas. In the early 1980s, other researchers looked at a number of antecedents of turnover in isolation. For example, Graen, Liden, and Hoel (1982) found that the quality of the leader–member exchange relationship predicted employee turnover.

These early studies primarily focused on increased costs and organizational performance decrements following turnover, examining individual-level consequences such as strain at the next job and organization-level consequences such as increased turnover among remaining employee. Special attention was also attributed to the relationship between individual performance and turnover.

## **2.2. Empirical Review**

Several studies have been carried out on factors and intention of turnover in organizations in different countries. For instance, Chukwu (2013), in a study focused on beverage companies in Nigeria, reveal that unwillingness to perform and attitudinal causes were generally accepted as the major factors causing discharge of employee; unsatisfactory pay was generally accepted as the major causes of resignation. Mizanur (2012), in their study focused on bank employee, reveal that job satisfaction and employee turnover are interrelated phenomena and job satisfaction is a major factor determining turnover tendencies. Adeboye (2012) found that pay satisfaction (unlike job satisfaction) was significantly associated with reducing intended turnover. Its indirect effect upon turnover intent, mediated through job satisfaction and organizational commitment, was weaker. Employee with greater experience were more satisfied with their pay and were less likely to leave, which was the anticipated effect of salary supplements. Anecdotal evidence showed that senior employee perceived the pay supplements to be an important recognition of their contribution to the organization.

Samuel (2012) studied on job satisfaction and employee turnover intentions in Total Nigeria Plc. in Lagos state. The researchers considered satisfaction with pay, nature of work and supervision as the three facets of job satisfaction that affect employee turnover intention. The authors adopted a survey method for administration of questionnaires, a simple descriptive percentage method, and the chi-square method. Their conclusion was job satisfaction reduces employee turnover intention and that Total Nigeria Plc. standard pay structure, suitable nature of work, and efficient supervision functioned not only as strategies to reduce employee turnover but also as the company retention strategy.

Anthony (2012) examined psychological factors as predictors of turnover intention among employee of “Nigeria Beverage Sectors”. The researchers investigated the influence of job satisfaction, social support and emotional intelligence on employee turnover intention. They used validated scales for data collection and multiple regression analysis to test the study hypotheses. Their research findings were that job satisfaction, social support, and emotional intelligence exert significant independent effects and jointly influence employee turnover intention. Finally, they recommended that management and human resource personnel of various organizations in Nigeria should design intervention strategies using the variables identified in this study to reduce turnover intention of their employee.

In Ethiopia several studies have been carried out on causes and intention of turnover in different organizations, mainly in government organizations and banks. For example, Mekonen Negash (2004) explains the relationship between job satisfaction with pay on employee turnover intention in Wegagen Bank SC. Shimeles Tsehayu (2016) and Yonas Teferi (2016) revealed that extrinsic factors like competitive salary, job security, interpersonal relations and conducive environment and intrinsic factors like job satisfaction, team work, freedom to perform duties and responsibilities were cited by employee as key motivational variables that influenced the employee retention in the Menilik II Hospital and Dreamliner Hotel respectively. These researchers investigated factors of employee turnover intention by examining the possible backgrounds.

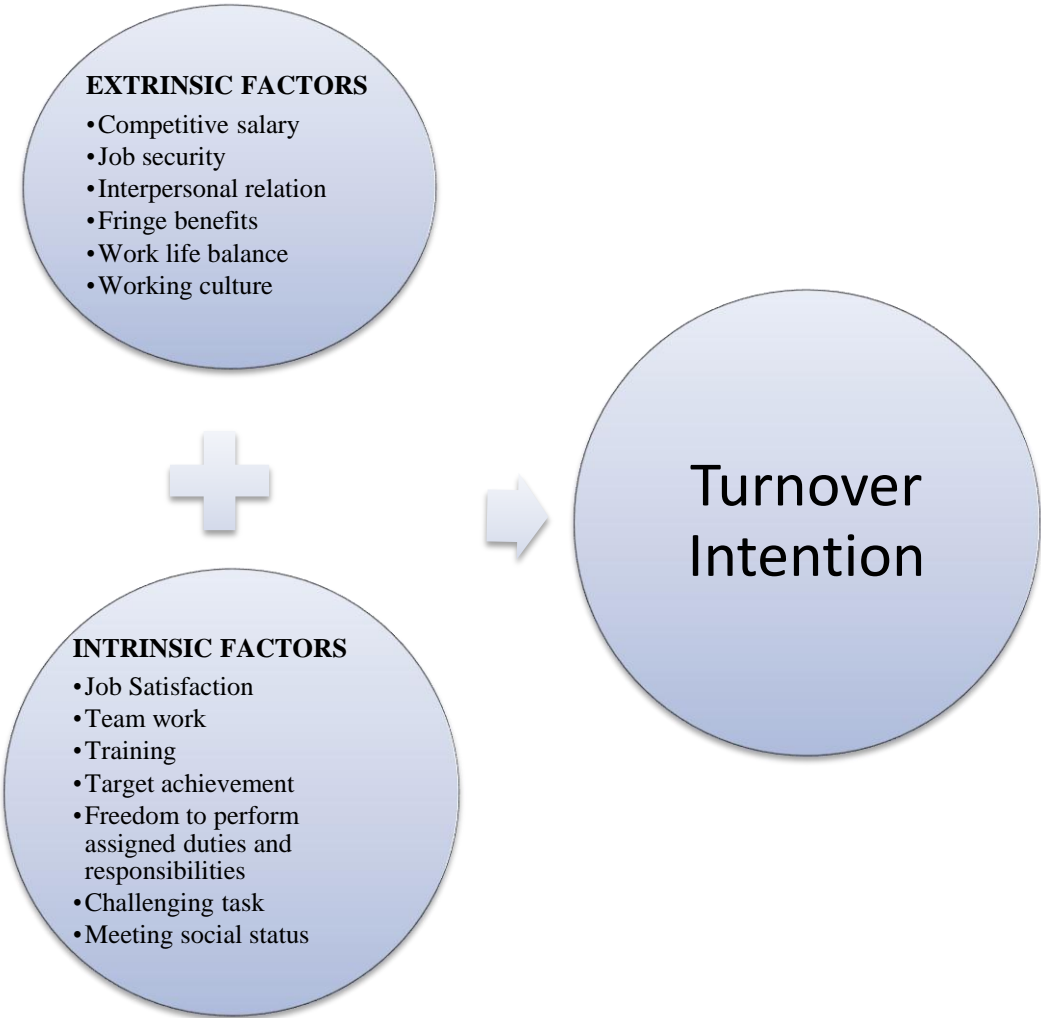
From the above reviewed literature, it can be observed that the researchers employed different methods of approach and analytical techniques, and there was little consistency in their findings. Based on their findings, there are several reasons why people leave their employers. These range from job related factors to personal characteristics of the employee. Some variables which influence intention of employee turnover are intrinsic, while others are extrinsic or a combination of both. Among the factors that were considered by researchers are pay (compensation), nature of work, supervision, promotion opportunity, working environment, job security, work family balance, job analysis, organizational culture, job stress, career growth, social support, emotional intelligence. And performance appraisal. This present research is the first of its kind to study beverage company staff turnover intention through intrinsic and extrinsic factors. These reflect the exact condition of staff turnover and related factors causing staff turnover in the company and hence provide scope for research in the sector.

### **2.3. Conceptual Framework**

A number of conceptual models have been proposed to examine job tenure and turnover (Lok and Crawford, 2001; Mathieu and Zajac 1990; Price 2000; Tett and Meyer 1993).

The conceptual frameworks for the study take employee turnover and its intention as dependent variables and, intrinsic factors such as job satisfaction, teamwork, target achievement, length of work experience, freedom to perform assigned duties and responsibilities, and challenging tasks. Social status is taken as an independent variable as well as extrinsic factors such as competitive salary, job security, interpersonal relations, medical benefits, organizational culture, accident insurance, food provision, transport facilities, work-life balance. The above mentioned independent variables negatively impact turnover, the dependent variable. They can be seen as avoidable variables. Addressing these issues could also be considered to be addressing what causes can result in employee turnover on job performance.

Figure 2.1 Conceptual framework of the study (adapted by the researcher 2017)





**Source:** This conceptual frame work designed based on the theory of Brown L.V.(2007),”Psychology of Motivation”, Malone .T and Lepper (2007) “Taxonomy of intrinsic motivations for learning” and Stairs (1991) “ Motivation and Work Behavior”.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter outlines the overall methodology that was used in the study. This includes the research design, study population, sampling procedures, data collection methods, data analysis and presentation.

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

The study employed a descriptive research design to establish factors influencing staff turnover in Heineken Breweries SC. Creswell and Vicki (2007) describes quantitative research as one in which the researcher primarily uses post positivist claims for developing knowledge (cause and effect) by use of specific variables, hypothesis and questions to yield statistical data. To achieve the research objectives and answer the questions of the study, a mixed research approach (Quantitative and Qualitative) with predominantly quantitative methodology was employed. The mixed research design helps in gaining a complementary advantage in substantiating data and evidence Zikmund et al (2009).

The descriptive method was used mainly because the study was intended to make a detailed description and analysis of the factors that affect employee turnover intention. As explained by Kotari (2004), a descriptive research method is used for research on conditions that exist without controlling the variables, opinions that are held, processes that are going on and effects that are evident or trends that are developing.

### 3.2. Study Population, Sample Size and Sampling Technique

#### 3.2.1. Study Population

The target population refers to the entire group of individuals or objects to which researchers are interested in generalizing their conclusions Trochim ,et al (2006). The target population was 1,000 employee in Heineken Breweries SC, including department managers.

#### 3.2.2. Sample Size and Sampling Technique

Sampling is the process of determining sample from a given population Kotari (2004). Based on the location of the working area, the researcher categorized the respondents into two strata, namely Central Office and Brewery staff. Thus, due to homogeneity of the group, a stratified sampling method was applied. Thereafter sample size determined by applying the Taro Yamane (1973) formula. A simple random and convenience random sampling method was used to distribute the questionnaires.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= Sample size, N= Population size, e= Level of precision at a 95% level of confidence and P=5.

$$n = \frac{1000}{1 + 1000(.05)^2} = 278$$

From the above computation, 278 staff members represent the population and the sample proportion was: 278/1000= 28% below also shows how the sample distribution in all sites:

Table 3.1 Sample size determination (researcher calculation)

Classification of Respondent/Stratum	Numbers of	% of employee	Total Sample size	Final sampling size from each stratum
--------------------------------------	------------	---------------	-------------------	---------------------------------------

	employee			
Management	80	0.08	278*0.08	22
Production employee	525	0.525	278*0.525	146
Sales employee	215	0.215	278*0.215	60
Other (supportive) employee	180	0.18	278*0.18	50
Total	1000	1.000		278

### **3.2.3. Data Gathering Tool**

As fact finding strategies, the following data collection tools have been used. They include Questionnaire, Interview, Observation and Reading. Essentially the researcher ensures that the instrument chosen is valid and reliable. The validity and reliability of any research project depends to a large extent on the appropriateness of the instruments. Whatever procedure one uses to collect data must be critically examined to check the extent to which it is likely to give the expected results Godfred (2016). I used questionnaires and interviews as my data collection tools.

#### **Questionnaire**

In order to obtain relevant data about the study the researcher used questionnaires as a major tool of data collection. The questionnaire is preferred for it enables gathering data about situation, practices and problems from large number of respondents within a relatively short period of time. All measurement were made on the 5-point Likert type scale. In order to test the validity and reliability of the questionnaires, a pilot test was carried out at the brewery by distributing 20 questionnaires to a pilot group of employee.

#### **Interview**

According to Patton (2012), an interview guide is a list of questions or issues that are to be used in the course of an interview and that provide topics or subject areas about which the interviewer is free to explore, probe and ask questions that explain and illuminate that particular subject. Thus, interviews were employed to generate and obtain information from the management of the company. The data obtained qualitatively was analyzed and triangulated with quantitative data where appropriate. In addition, document review was made to enrich the qualitative data. Finally, a convenient random sampling technique was applied to select the final respondents.

### **3.3. Data Collection Procedure**

The questionnaire was designed to gather quantitative data pertaining to intrinsic factor include job satisfaction, target achievement, team work, career advancement and freedom to perform duties and responsibilities and extrinsic factors encompasses compensation, benefits, working culture and interpersonal relationships. The questioner was prepared in English and briefing session was organized for the people who selected to distribute and collected the questionnaire, this was to ensure proper data collection and validated the outcome of pilot together with the advisor. Finally the respondents were selected using stratified simple random sampling.

### **3.4. Validity and Reliability**

In order to proceed with any statistical test, it is critical for the researcher to check the validity of the instrument used. Validity of the scale can be measured qualitatively as well as quantitatively.

The researcher conducted a pilot study before dispatching the questionnaire to the final respondents for 20 employee. Below are piloting results.

The grouping of variables into factors reflected two themes: extrinsic factors and intrinsic factors. A Cronbach alpha reliability test was conducted after factor analysis for each factor grouping and the effects of removing a variable on the Cronbach Alpha were assessed in terms of number of respondent and result of the Cronbach Alpha which not included below 0.70 in the subsequent analysis. The results of the Cronbach Alpha as well as the results of the factor analysis and grouping of variables into common themes are shown in table 3.2.

Table 3.2: Reliability test of the questionnaire

<b>Variables</b>	<b>Factor Loading</b>	<b>Reliability Coefficient (Cronbach Alpha)</b>	<b>Common name</b>
Competitive salary	.703	.859	Extrinsic Value
Job security	.696	.789	
Interpersonal relations	.760	.855	
Medical benefits	.783	.858	
Organizational culture	.646	.856	
Accident Insurance	.736	.860	
Food provision	.786	.849	
Transport facilities	.811	.845	
Work life balance	.733	.858	
Job satisfaction	.857	.834	
Teamwork	.816	.845	
Target achievement	.617	.895	
Long work experience	.811	.765	

Freedom to perform assigned duties and responsibilities	.736	.860	Intrinsic Value
Challenging tasks	.786	.849	
Because it is according to my social status	.811	.845	
Lack of career path	.733	.858	
Training for current responsibility	.857	.834	
Training for higher responsibility	.816	.845	

A benchmark alpha of .70 was set as an acceptable measure of reliability Cronbach (1951). All reliability assessments using the Cronbach alpha coefficient exceeded .765 for all variables in this study.

### **3.5. Data Analysis Method**

The data obtained through the questionnaire was processed using SPSS version 20.0 in order to come up with a suitable descriptive method such as frequency, mean and inferential statistics. In particular, the Logit model was used to present the data acquired in a structured, accurate and summarized way.

The variables to be analyzed using the quantitative data are independent variables which include extrinsic and intrinsic factors.

To analyze the qualitative data gathered through interview guides, the responses were recorded and summarized using narrative statements and thematic groups in line with the research questions of the study. Because respondents provided their feedback based on their opinion, this could not be quantified.

#### **3.5.1. Operationalization of Variables**

As clearly defined in chapter two, turnover is a process of measuring how long the employee stays in the organization and how often the replacement takes place Price (1989). In this study, the variables are classified in to two dependent and independent variables:

- **Dependent Variable**

Turnover is the dependent variable for this study. Rate of turnover depends on the career path of the employee, the availability of personal welfare, compensation, benefits, and job satisfaction, training and development, team work and work freedom are measured using a rating scale of very high, high, moderate, low and very low.

- **Independent Variables**

For the purpose of the study, the independent variables are classified in to two demographic and predictor factors. This is presented as follows:

**A) Demographic Factors**

- **Gender:** Respondent's state of being male or female. It is measured using a dummy variable.
- **Age:** The age of the respondent 18 years old and above measured as a continuous variable.
- **Qualification /Education:** Refers to the education level of the respondent. It is presented as an interval scale.
- **Job Level/Position:** Refers to respondent's position within the organization.

**B) Predictor factors**

- **Extrinsic Factors:** These are related to competitive salary and benefits, transportation facilities, medical coverage, accident insurance, food, and other allowances. These are measured using a rating scale of very high, high, moderate, low and very low Meudell and Rodham (1988) ; Maslow (1943).
- **Intrinsic Factors:** Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials Coon and Mitterer (2010). Intrinsic factors are job satisfaction, target achievement and the need to achieve work

experience. These are measured using a rating scale of very high, high, moderate, low and very low.

### **3.6. Ethical Considerations**

Ethical considerations of confidentiality and privacy were addressed. A concerted and conscious effort was made at all times to maintain these. The researcher assured the purpose of the research paper and confidentiality of any information gathered through the questionnaire and interview and received permission from the management of the company. Names and other identifying information were not used in the study. The researcher safeguarded all information related to the respondents. Their privacy, identity and confidentiality were maintained by assigning them code numbers instead of names (anonymity). The completed questionnaires were filed safely and were accessible only to the researcher and thesis advisor. Finally, the findings along with the recommendations are presented to the Company.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

The main objective of this research project was to assess factors that affect employee turnover intention. Primary data was collected from the employee of the Breweries using questionnaire and interviewing the selected managers. Secondary data was also collected through reviewing the Company's human resource policy, procedure, periodic reports and exit interview in place. The collected data were described and analyzed using statistical tool- multiple linear regressions by using SPSS. From the distributed 278 questionnaires to employee of the breweries based on their numbers in each category, 213 questionnaires were collected.

The first section of this chapter presents a demographic description of the sample in terms of gender, age, work experience, educational level, and position within the organization. The second section summarizes the response of participants of the research when it comes to factors that influence employee turnover intention. The third section includes results of descriptive statistics and binary logits regression analysis.



## 4.1. Descriptive Analysis

Descriptive statistics are brief descriptive coefficients that summarize a given data set, which can be either a representation of the entire population or a sample of it.

### 4.1.1. Socio-Demographic Profile of Respondents

Description of the characteristics of target population gives basic information about the study. For the purpose this study location of the respondents, gender, age, highest qualification, work experience and position within the organization are selected as major determinant of socio-demographic factors.

Table 4.1: Respondent's Socio- Demographic factors

	<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
Site	Bedele	35	16.4
	Harar	33	15.5
	Kilinto	66	31.0
	Sales	34	16.0
	Central	45	21.1
	Total	213	100.0
Gender	Male	172	80.8
	Female	41	19.2
	Total	213	100.0
Age	< 30	158	74.1
	30-34	37	17.3
	35-39	9	4.2
	40-44	5	2.3

	>45	4	1.8
	total	213	100
Qualification	Diploma	49	23.0
	Degree	142	67.0
	Master and above	22	10.0
	Total	213	100.0
Total work experience Within Heineken	2 years and below	96	45.1
	More than 2 years	117	54.9
	Total	213	100.0
Position	Management	70	32.9
	Non-management	143	67.1
	Total	213	100.0

As it is presented in the above table the respondent classifications per site are 35(16.4%) from Bedele, 33(15.5%) from Harar, 66(31%) from Kilinto, 34(16%) from Sales and 45(21.1%) from Central office.

Regarding the gender composition of the sampled respondents, about 172(80.8%) of them were male while the remaining 41(19.2%) were female. This shows that the majority of sampled respondents were male.

About 158(74.10%) of the sampled respondents were below the age of 30 and constituted the lion share of the sample. 37(17.30%) of the respondents were in the age category of 30 to 34. The remaining 9(4.20%), 5(2.30%), and 4(1.70%) of respondents were in the age category of 35-39, 40-44, and 45 and above years of age respectively. This clearly indicates that the majority of respondents are young.

Regarding the qualification 49(23%) of the respondents have diploma while 142(67%) of the respondents have degree, while 22(10.5%) have a second degree and higher level of

education. This indicate that most of the respondents have are qualified and have a good educational background.

Regarding the work experience within Heineken 96(45.1%) of the respondents have a work experience below 2 years. Respondents with the experience of more than 2 years are about 117(54.9%). This implies that more than half of the respondents have enough work experience.

70(32.9%) of the respondents are middle management and 143(67.1%) are non-management position employee which shows that the majority of the population are in the non-management category.

#### **4.1.2. Result of Descriptive Analysis on the Factors**

##### **4.1.2.1. Intention to leave Heineken**

Table 4.2: Turnover intention

<b>Intention to leave Heineken</b>			
Variables		Frequency	Percent
Valid	Yes	95	44.6
	No	118	55.4
	Total	213	100.0

Source: Author Computation

As table 4.2 indicates employee who are currently on the job are asked whether they have intention to leave the Company or not. Out of the total respondent 95(44.6%) of them responded that they are thinking to leave the Company, while the remaining 118(55.4%)

have no intention to leave the company. Thus, we one can conclude from this that close to 45 % of study population have the intention to leave their job.

#### 4.1.2.2. Intrinsic Factors

##### 4.1.2.2.1. Job Satisfaction as Intrinsic Factors That Affect Employee Turnover Intention

Table 4.3: Job Satisfaction as Factor of Turnover Intention

Variables	Very low		Low		Moderate		High		Very high		missed		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Job satisfaction relate with your line manager('s)	2	.9	19	8.9	53	24.9	94	44.1	45	21.1			213	100
Job satisfaction with your compensation	4	1.9	19	8.9	62	29.1	85	39.9	41	19.2	2	.9	213	100
Job satisfaction with nature of work you assigned	6	2.8	19	8.9	67	31.5	52	24.4	65	30.5	4	1.9	213	100
Job satisfaction relate with the opportunity to use your abilities on	4	1.9	14	6.6	60	28.2	75	35.2	58	27.2	2	.9	213	100

your current job														
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As indicated in table 4.3 above: job satisfaction as intrinsic factor which affects employee turnover intention vary to some extent. 94(44.1%) of the respondents have agreed that their turnover intention was highly affected by factors that were related with the line managers. The remaining 85(39.9%), 75(35.2%), 52(24.4%) of the respondents have also generally agreed that their turnover intention were affected due to relation with their compensation, opportunity to use abilities on current jobs and with their nature of job they were assigned respectively.

To sum up, out of the job satisfaction factors employee relation with line manager and related with compensation are the determinant factors of employee turnover intention.

Out of all the respondents 4(1.9%), 2(0.9%), 2(0.9%) haven't replied in job satisfaction relate with nature of work, compensation and nature of work respectively.

#### 4.1.2.2.2. Factors that affect team work activities on turnover intention

Table 4.4: Team work as factor of turnover intention

Variables	Very low		Low		Moderate		High		Very high		Miss ed		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Availability of team work with in your department	3	1.4	20	9.4	70	32.9	71	33.3	47	22.1	2	.9	213	100
Availability team work among other departments	14	6.6	29	13.6	78	36.6	65	30.5	25	11.7	2	.9	213	100

As indicated in the above table 4.4: 71(33.3 %) of respondent turnover intention are highly affected by the level of team work with in their own department. On the other

hand, 20(9.4%) had responded the team work with in their own team as low effect on their turnover intention.

In the same table 78(36.6%) of the respondent consider as availability of team work among different department is moderately affect their turnover intention.

Out of the respondent 2(0.9%) are missed reply in both availability team work within and among department.

This implies the team work within the team is determinant factor that affect the turnover intention of the respondent.

#### 4.1.2.2.3. Other Intrinsic factors that affect Employee turnover intention

Table 4.5: Other intrinsic factor affect the turnover intention

Variables	Very low		Low		Moderate		High		Very high		Missed		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Availability of opportunities to achieve higher target	9	4.2	18	8.5	61	28.6	85	39.9	37	17.4	3	1.4	213	100
Freedom to perform assigned duties and responsibilities	5	2.3	27	12.7	56	26.3	91	42.7	30	14.1	4	1.9	213	100

Performing the challenging tasks	5	2.3	19	8.9	47	22.1	86	40.4	50	23.5	6	2.8	213	100
Because the duty I perform aligns with my social status	10	4.7	74	34.7	41	19.2	61	28.6	23	10.8	4	1.9	213	100

As depicted on table 4.5 above, 91 (42.7%), 86(40.4%) and 85(39.9%) respondents have agreed that the freedom to perform assigned duties and responsibilities, performing challenging tasks and availability of opportunities to achieve higher target respectively affect the turnover intention.

In the same table 74(34.7%) of the respondents rate the duty they perform align with their social status as lower impact on their turnover intention.

Out of the respondent 6(2.8%), 4(1.9%),3(1.4%) are missed reply in other intrinsic factor relate with performing challenging tasks, freedom to perform assigned duties and responsibilities and for opportunities to achieve higher target and respectively.

#### 4.1.2.3. Extrinsic Factors

##### 4.1.2.3.1. Compensation related factors that affect Employee turnover intention

Table 4.6: Compensation as factor that affect turnover intention

Variables	Very low		Low		Moderate		High		Very high		Missed		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
I feel my salary, commission and allowances are competitive with my colleagues and	13	6.1	36	16.9	20	9.4	94	44.1	48	22.5	2	.9	213	100

market														
My fringe Benefits package are competitive with my colleague and market	11	5.2	56	26.3	36	16.9	91	42.7	17	8.0	2	.9	213	100

As it is shown on table 4.6 above. 94(44.1%) and 91(42.7%) compensation and fringe benefits are respectively considering as higher impact on their turnover intention. However, 56(26.3%) respondents rate the fringe benefits lower impact on the turnover intention.

Out of the respondent 2(0.9%) are missed reply in all above two factors.

This implies having competitive compensation and fringe benefits are the significant factor that determine the respondent turnover intention.

#### 4.1.2.3.2. Other Extrinsic Factors That Affect Employee Turnover Intention

Table 4.7: Other extrinsic factor that affect turnover intention

Variables	Very low		Low		Moderate		High		Very high		Missed		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%



I feel I am secured in my role	5	2.3	19	8.9	54	25.4	98	46.0	33	15.5	4	1.9	213	100
Having good interpersonal relation	2	.9	123	57.7	31	14.6	49	23.0	6	2.8	2	.9	213	100
Working culture of the Company	4	1.9	21	9.9	46	21.6	99	46.5	40	18.8	3	1.4	213	100
The working condition enable me have proper work life balance	21	9.9	39	18.3	49	23.0	82	38.5	19	8.9	3	1.4	213	100

As indicated in the table 4.7 above: 99 (46.5%), 98(46.0%) and 82(38.5%) respondents rate working culture of the Company, job security and the work life balance highly affect their turnover intention in the organization. However, 39(18.3%) and 21(9.9%) of the respondents are considered both working condition and Company working culture have lower impact on turnover intention.

In the same table also indicated 123(57.7%) of respondent consider the working condition enable me to have proper work life balance didn't affect their turnover intention.

This implies organizational work culture and job security are significant factor that determine respondent turnover intention.

#### **4.2. Result of Binary Logits Regression Analysis**

This section presents findings obtained from statistical analysis of the data gathered through self-administered questionnaire and test of the hypothesis was conducted using Binary Logistic Regression. As it suggest by David Cox (1958) logit analysis is recommended to determine the probability of two or more independent variable to shows the presence of a risk factor increase the odds ratio of a given outcome by specific factors.

Table 4.8 Classification table

<b>Classification Table<sup>a</sup></b>					
Observed			Predicted		
			Do you have the intention to leave Heineken?		Percentage Correct
			Yes	No	
Step 1	Do you have the intention to leave Heineken?	Yes	45	48	48.4
		No	25	85	77.3
Overall Percentage					64.0

Source: Author Computation

As indicated in the above classification table, the model correctly predict the survey result by 64%

### Overall Goodness Fit of the Model

#### Model Summary

Step	-2 Log likelihood	Cox and Snell R Square	Nagelkerke R Square
1	262.866 <sup>a</sup>	.681	.688

a. Predictors: (Constant), intrinsic includes job satisfaction, target achievement, team work, career advancement ,freedom to perform duties and responsibilities , compensation, benefits, working culture and interpersonal relationships

Source: Author's Computation

The model analysis includes the independent variable(predictors) intrinsic includes job satisfaction, target achievement, team work, career advancement and freedom to perform duties and responsibilities and extrinsic factor which is expressed as compensation, benefits, working culture and interpersonal relationships and dependent variable

(turnover intentions). As indicated in the above model summary, the linear combination of the independent variable was significantly related to the dependent variable,  $R=0.68$ ,  $F=262.866$  ( $p=0.000$ ). An estimated 68% of total variation in the dependent variable, Turnover intentions, is jointly explained by the predictors, whereas 32% is explained by other factors.

Table 4.9 Binary logit estimation results for the determinants of turnover intention

Variable	B	S.E.	Wald	P value	Exp (B)	Exp(B) / 1+Exp(B)
Lack of job satisfaction relate with Line Manager	0.75	0.45	2.75	0.097	2.11	67%
Lack of job satisfaction related with the Compensation	-0.47	0.42	1.29	0.256	0.62	
Lack of job satisfaction relate with Nature of work	-0.26	0.46	0.33	0.568	0.77	
Lack of job satisfaction relate with opportunity to use your ability on current job	0.62	0.46	1.79	0.181	1.85	
Absence of team work with in department	-0.17	0.43	0.15	0.697	0.85	
Absence of team work among other department	0.25	0.42	0.36	0.546	1.29	
Lack of training and development for higher position	0.24	0.53	0.20	0.657	1.27	
Lack of training and development for current position	-0.64	0.55	1.38	0.241	0.53	
Absence of available opportunity to achieve higher target	0.91	0.55	2.75	0.097	2.48	71%
Lack of freedom to perform duties and responsibilities performing challenging task	0.16	0.52	4.96	0.026	1.31	56%
The Duty I perform align with my social status	-0.49	0.45	1.22	0.270	0.61	
Lack of competitive salary and allowances	1.13	0.46	6.05	0.014	3.11	76%
Competitive fringe benefits	0.28	0.50	3.91	0.048	0.38	
Absence of job Security	0.57	0.39	2.11	0.147	1.77	
Absence of interpersonal relation	-0.70	0.58	1.46	0.227	0.50	
Company Working culture	0.18	0.47	0.14	0.706	1.20	
Absence of work life balance	0.94	0.40	5.48	0.019	2.56	72%

Source: Own estimation from survey data (2017)

As displayed in the above binary regression table, job satisfaction related with line manager variable shows a p-value of 0.097 ( $P < 0.01$ ). This implies that job satisfaction

related with line manger positively contribute for employee turnover intention. This variable significantly increase the employee turnover intention by a probability of 67%.

The table also presents the odds that the p-value of 0.097 an employee has the intention to leave Heineken increase by a probability of 71% for those employee who don't get enough opportunity to achieve higher target.

The odd that an employee has the intention to leave Heineken increase by a probability of 56% for those employee who don't have freedom to perform assigned duties and responsibilities.

In the same table above the odd that that an employee has the intention to leave Heineken increase by a probability of 76% for those employee who feel that their salary and compensation are not competitive. On the other hand intention to leave Heineken decrease by 27% for those employee due to availability of fringe benefits.

Finally, the odd that that an employee has the intention to leave Heineken increase by a probability of 72% for those employee who don't have proper work life balance.

## **CHAPTER FIVE**

### **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

This chapter begins with findings from the previous chapter, conclusions and ends with suggestions for future study and implementation.

## **5.1. Summary of Major Findings**

As Ghosh and Kumor (2003) explain, turnover is a significant factor delaying the organization's growth and lowering productivity. The main aim of this research project is to identify the factors of employee turnover intention in the context of Heineken Breweries. Below are the significant factors that determine turnover intention:

1. The findings identified a relation with intrinsic factors such as job satisfaction, associated with line managers as stated earlier in the literature review, intrinsic factors are the behavior driven by internal rewards. As a finding, employee turnover intention can be understood from the association among these intrinsic factors like job satisfaction in relation with line managers and nature of work Malone and Lepper (2007). As a result, absence of improvement in intrinsic factors is negatively related with turnover indicating that intrinsic factors are inversely related with turnover intention.
2. The second factor identified in the study is that the freedom to perform duties and responsibilities is the highest factor determining employee turnover intentions. As explained by Coon and Mitterer (2010), the employee freedom is a potential factor to encourage better performance and explore the opportunity to actualize inner potentials, and this has a direct impact on the reduction of employee turnover intention, as there is an inverse relationship between turnover and Employee freedom to perform duties and responsibilities, the absence of this encourages the employee to seek other opportunities to leave the company.
3. The other extrinsic factors identified relate to work life balance. The results strongly indicate that lack proper work life balance affect the employee' turnover intention and the presence of these factors increases the motivation of employee to stay in the Company.

4. The final relevant extrinsic and decisive reason which influences employee turnover intention is compensation which includes guaranteed incomes like salary and non-guaranteed income and fringe benefits like medical and accident insurance, cafeteria service, free company products and the availability of transportation services. These extrinsic factors are inversely related with turnover and its intentions Vansteenkiste (2006), and indicate that employees are more likely to stay in the organization when there are better pay and benefits or vice versa. The results also show that the magnitude of relationship is higher between these extrinsic factors and turnover intention than other intrinsic factors mainly the compensation part. The extrinsic factors are more decisive determinants than the intrinsic ones when it comes to the respondents of the survey and in Heineken in general.

## **5.2. Conclusions**

Employee turnover intention is one of the most significant issues demanding proper attention of Companies in order to be competitive in the current dynamic labor market, driven by economic growth and rapid technology and socio-cultural changes (Ghosh and Kumor 2003). So, understanding the turnover intention is crucial for the Company to take timely and necessary action before the employee decides to leave. As it is clearly mentioned the main objective of this study is to assess factors of employee turnover intention in Heineken Breweries SC. Several theoretical concepts were presented to support this aim through explaining the possible factors that determine the decision of employee to leave the Company.

According to Shamsuzzohat and Shumon (2009) turnover intention is determined by job satisfaction level of employees related with job satisfaction, job stress (psychological), quality of work life balance, age, gender, tenure and marital status (demographic). Out of these the researcher identified job satisfaction associated with line manager affects employee turnover intention. Dissatisfaction associated with the employee relationship with his/her own manager has significant impact on employee motivation to stay in the company. According to the empirical investigation, the nature of work that individuals are assigned to do also has an impact on people's intent to leave the company. As a

result, absence of improvement in the employee and manager relationship is negatively related with employee' turnover intention indicating that these factors are inversely related with turnover intention.

As human capital theory explains, freedom to perform assigned duties and responsibilities are significant determinant factors on the employee intention to leave. The higher the freedom, the lower the intention to leave. Since there is no significant cost for giving enough freedom to employees, the Company should give due attention to giving enough freedom to the employee. This should boost creativity, as it diverts the employees from leaving the companies. As per other empirical investigations, lack of proper work life balance are crucial factors for the employee turnover intention. When the Company facilitates the work life balance this encourages employees to stay in the Company. The absence of this brings the reverse action.

The other decisive factor found through this research is that turnover intention is affected by competitive compensation and benefit packages that encourage the employee to stay in the organization. In the absence of these, employees are more likely to leave the organization in anticipation of better compensation in other companies.

### **5.3. Recommendations**

In line with these conclusions and by understanding the general nature of turnover intention, the researcher has the following recommendations for Company management consideration:

1. The findings identify particularly that the compensation status of the company needs revisiting as this directly contributes to turnover intention. So, the Company should be aware of the importance of introducing a compensation and benefits mix to positively impact employee motivation, which in turn reduces turnover intention.
2. The fringe benefits of the company were found to be significantly effective and reducing the attrition rate. This implies that the Company should keep the fringe benefits as they are and makes it as exemplary for others intrinsic and extrinsic factors.

3. The findings also make it obvious that the work life balance of the Company is low. So, the researcher recommends that the Company work hard to create the working environment which improves work life balance.
4. Finally, the Company should introduce possible ways of encouraging employee motivation to perform assigned tasks by giving enough freedom to perform duties and responsibilities, so that employee can gain a sense of fulfillment and ensure their future.
5. Future studies should also request about turnover from other multinational companies in order to have comprehensive factors that affect employee turnover intention. Moreover in countries like Ethiopia, where the government also giant employer and involve in huge investment, it becomes important to have a comparative study of both types of sectors for better understanding of employees turnover intention.



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## ANNEX 1

### SURVEY QUESTIONNAIRE

Dear respondent this questionnaire is designed to collect data from employee as part of partial fulfillment of the requirement for MBA program in St. Mary University on “Causes of Employee Turnover Intention” in the case of Heineken Breweries .It is carried out for academic purposes, might also serves as input for practitioner to change the situation.

I am glad to inform you that you have been selected to be part of this study. I would therefore kindly request your cooperation in completing this questionnaire which forms a major input of the research process.

Thank you for your time!

N.B.

- No need of writing your name.
- Please put ( ✓ ) for the options given below.
- Please return the questionnaire within 2 days directly to me.

Tadesse Tiruneh  
St. Mary’s University  
School of Graduate Studies

#### **PART I: GENERAL INFORMATION**

1. Sex 1. Male  2. Female
2. Age \_\_\_\_\_ Years.
3. Highest qualification: 1. Diploma  2. Degree  3.. Masters & above
4. Total work experience (Including Heineken) \_\_\_\_\_ Years.
5. Please indicate your position category in Heineken
  1. Top Management
  2. Middle Level/Supervisory
  3. Non-Management

**PART II: FACTORS INFLUENCING STAFF TURNOVER INTENTION IN HEINEKEN:**

1. Do you have the intention to leave Heineken?

Yes  No

2. If your answer for question No.4 is “Yes”, how do you rate the intention to leave Heineken?

1. Very high 2. High 3. Moderate 4. Low 5. Very low

No	Factors	Very high	High	Moderate	low	Very low
	<b>Would you consider the following Job Satisfaction factors affect your turnover intention?</b>					
3	Job satisfaction relate with your line manager(‘s)					
4	Job satisfaction with your compensation					
5	Job satisfaction with nature of work you assigned					
6	Job satisfaction relate with the opportunity to use your abilities on your current job					
	<b>Would you consider the following team work activities affect your turnover intention?</b>	Very high	High	Moderate	low	Very low
7	Availability of team work with in your department					
8	Availability team work among other departments					
	<b>Would you consider below factors of Career Development affect your intention to leave the Company?</b>	Very high	High	Moderate	low	Very low
9	Availability of training and development to grow in the current position					
10	Availability of training and development to grow for higher position					
	<b>Would you consider below other intrinsic factors affect your intention to leave the Company?</b>	Very high	High	Moderate	low	Very low

11	Availability of opportunities to achieve higher target					
12	Freedom to perform assigned duties and responsibilities					
13	Performing the challenging tasks					
14	Because the duty I perform aligns with my social status					

### **PART III: INTRINSIC AND EXTRINSIC FACTORS**

**How the following Intrinsic factors will keep or retain you to stay in the company?**

**How would you rate the extent to which the following extrinsic factors affect your turnover intention?**

<b>No</b>	<b>Factors</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Indifferent</b>	<b>Disagree</b>	<b>Strongly disagree</b>
	<b>Would you consider the following Compensation related factors affect your turnover intention?</b>					
15	I feel my salary, commission and allowances are competitive with my colleagues and market					
16	My fringe Benefits package <sup>1</sup> are competitive with my colleague and market					
	<b>Would you consider the following Other Extrinsic factors affect your turnover intention?</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Indifferent</b>	<b>Disagree</b>	<b>Strongly disagree</b>
17	I feel I am secured in my role					
18	Having good interpersonal relation					
19	Working culture of the Company					
20	The working condition enable me have					

<sup>1</sup> Fringe benefits are additional benefits provided by the company that includes; medical expense cover, insurance, educational assistance, cafeteria (canteen service), employee discount, free company product...

	proper work life balance					
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22. In your opinion list any other factors which determine employee turnover intention?

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**Thanks for your cooperation!**



**ANNEX II**  
**INTERVIEW QUESTIONS TO MANAGERS**

1. In which function are you working \_\_\_\_\_  
\_\_\_\_\_
2. How long did you serve in the Company  
\_\_\_\_\_  
\_\_\_\_\_
3. Are you aware about rate of employee turnover intention in the Company?  
\_\_\_\_\_  
\_\_\_\_\_
4. Would you consider compensation related factors affect your turnover intention?  
\_\_\_\_\_  
\_\_\_\_\_
5. Would you consider other personal (intrinsic)<sup>2</sup> factors affect your turnover intention?  
\_\_\_\_\_  
\_\_\_\_\_
6. Would you consider other personal (extrinsic)<sup>3</sup> factors affect your turnover intention?  
\_\_\_\_\_  
\_\_\_\_\_
7. Are you intend to leave this company within a short period of time?  
\_\_\_\_\_  
\_\_\_\_\_

**Thanks for your cooperation!**

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<sup>2</sup> Intrinsic Factors include; Job satisfaction, team work, career development, performing higher responsibilities, freedom to perform assigned duties and responsibilities...

<sup>3</sup> Extrinsic Factors include; Compensation, Benefits , job security, interpersonal relation, work life balance

## DECLARATION

I, Tadesse Tiruneh, declare that this study, **Factors that Affect Employee Turnover Intention in Heineken Breweries S.C.** is my own original work and all sources of materials used for the study have been acknowledged. This study has not been submitted for award of any degree in this or any other Universities.

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Tadesse Tiruneh  
St. Mary University

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Date

## ENDORSEMENT

This is to certify that Tadesse Tiruneh Yared has carried out this project work on the topic Factors that Affect Employee Turnover Intention in Heineken Breweries SC, under my supervision .This thesis has been submitted to St. Mary University, School of Graduate Studies in partial fulfilment of the requirement for the award of Master of Business Administration (MBA)

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Shoa Jemal (Asst. Professor)

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Date