

# THE INVESTIGATION OF STAFF TURNOVER ON ORGANIZATIONAL EFFECTIVENESS: THE CASE OF MOHA SOFT DRINKS INDUSTRY, NEFAS SILK PEPESI COLA BRANCH

Submitted by: Hamelmal Ameha Negashe

ID No.SGS/0079/2008B

Advisor: Assistant Professor Serkalem G.Kirstos(PhD)

**DECEMBER 2019** 

ADDIS ABABA, ETHIOPIA

# ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES FACULTY OF BUSINESS

# THE INVESTIGATION OF STAFF TURNOVER ON ORGANIZATIONAL EFFECTIVENESS: THE CASE OF MOHA SOFT DRINKS INDUSTRY, NEFAS SILK PEPESI COLA BRANCH

#### BY

#### Hamelmal Ameha

#### APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies	
Signature	
Advisor	
Signature	
-	
External Examiner	
Signature	
Internal Examiner	
Signature	

#### **Declaration**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Assistant Professor Serkalem G.Kirstos (PhD). All sources of materials 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.

Hamelmal Ameha

St Mary's University College, Addis Ababa December 2019 Certification

This is to certify that this thesis entitled "The Implicationsof Staff Turnover on Organizational

Effectiveness: The Case of Moha Soft Drinks Industry, Nefas Silk Pepsi Cola Branch" is a work

of Mrs. Hamelmal Ameha, Id.No. SGS/0079/2008B who carried out the research under my

guidance. I further certify that to the best of my knowledge the work reported here in does not

form part of any project report or thesis on the basis of which a degree or award was conferred

on an earlier occasion on this or any candidate.

Supervisor: Assistant Professor Serkalem G.Kirstos (PhD)

Signature\_\_\_\_

Place: Addis Ababa, Ethiopia

December 2019

2

# **Definitions of Terms**

Turnover - "individual movement across the membership boundary of an Organization".

**Staff turnover-** the movement of labour out of and into a working organization

**Effectiveness** - For organizations is often defined as the extent to which goals have been met.

# List of acronyms

MOHASoft Drinks- A beverage company in Ethiopia owned by an Ethiopian born Saudi tycoon called Mohammed Hussein Ali-Amoudi

**HR**- Human Resource

**GM-**General Manager

CO<sub>2</sub>- Carbon Dioxide

N/Silk- Nifas Silk

O – Observed

E - Expected

SA - Strongly Agree

A - Agree

N – Neutral

 $\mathbf{D}$  – Disagree

SD - Strongly disagree

Fig. - Figure

**OE-** Organizational Effectiveness

JF- Job Factor

**EF-**Environmental Factor

# **Table of Contents**

Declaration	1
Certification	
Definitions of Terms	
List of acronyms	
•	
List of tables	
List of figures	
Abstract	
Acknowledgement	
Chapter 1:	
1-Introduction	12
1.1- Background of the Study	12
1.1.1 Background of the company	13
1.2 Statmentof the problem	15
1.3 Research questions?	16
1.4 General objectives	16
1.4.1 Specific objectives	16
1.5 Significance of the Study	17
1.6 Scope of the study	17
1.7. Organization of the study	18
Chapter 2	19
Literature Review	19
2.1. Definition and Concept of staft turnover	19
2.2. Why employees leave their job?	21
2.3. Factors of employee's turnover	22
2.3.1. Career growth opportunities	22
2.3.2. Organizational culture	23
2.3.3. Pay level	23
2.3.4. Reward, recognition and compensation.	
2 3 5 Training and supervision	24

2.3.6. Work place environment	25
2.3.7. Supervisor relationship	26
2.4. Employee retention strategies	26
2.5. The impact of high staff turnover on organizational effectiveness	28
2.6. Conceptual framework of the study	31
2.7. Empirical experience	33
Chapter 3	34
3.1 Research Methodology	34
3.2 Research design	34
3.3. Research approach	34
3.4. Population sample size and sampling techniques	35
3.4.1. Population of the study	35
3.4.2. Sample size.	36
3.4.3. Sampling techniques	37
3.5. Data sources and types	38
3.6. Instruments of data collection.	38
3.7. Method of data analysis.	40
3.8. Validity and reliability of the instrument	41
3.8.1 Reliability test	41
3.9. Ethical consideration.	43
Chapter 4	44
4.1. Results and Discussion	44
4.2 Findings of the study	44
4.2.1 Respondents' demographics	44
4.2.2. Regression analysis	48
4.3. Trends of employee turnover2013-2018	60
4.4. Employees retention strategies	61
4.4.1. Annual salary increments and bonus	61
4.4.2. Training, professional development and career planning	62
4.4.3. Subsidized meals and drinks	62
4.4.4. Decent pay scale and promotion	63
4.4.5. Free medical treatment and free (Pool)transport service	63
4.4.6. Recruitment, orientation and staff compliant desk	64
6	

4.4.7. Team spirit buildup program and strong workers union	64
Chapter5	66
Conclusions and Recommendations	66
5.1. Conclusions	66
5.2. Recommendations	67
References	69

# List of tables

Table 1: Sample size determination for targeted group	22
Table 2:Test of Reliability	26
Table 3: Age of the Respondents	28
Table 4: Sex of the Respondents	28
Table 5: EducationLevelof the Respondents	29
Table 6: Marital Status of the Respondents	29
Table 7: Length of Experience of the Respondents	30
Table 8: Salary of the Respondents	30
Table 9: Environmental factor model summery	31
Table 10: Environmental factor ANOVA	32
Table 11: Environmental factor coefficients	33
Table 12: Organizational factor model summery	33
Table 13: Organizational factor ANOVA	34
Table 14: Organizational Factor Coefficients	35
Table 15: Job factor model summery	35
Table 16: Job factor ANOVA	36
Table 17: Job factor Coefficients	36
Table 18 Model summery of OF,JF,EF effect on organizational effectiveness	37
Table 19:ANOVA of OF,JF,EF effect on organizational effectiveness	37
Table 20: Coefficients of OF,JF,EF effect on organizational effectiveness	38
Table 21: Employee turnover trend 2013-2018	39
Table 23: Employee's retention rate from 2013-2018	43

# List of figures

Figure 1; Types of employees Turnover.	8
Figure 2; "A structure for improving Employee retention rate" (Deery, 2008)	13
Figure 3; Conceptual Frmework	17

**Abstract** 

The food and drink industry is one of the fast growing industries in Ethiopia. Every time, there

are new soft drink options arriving in the market and more often, already known soft drink

brands are expanding by introducing other drinks which are based on the test requirement of the

user. The existence of huge potential to exploit drives companies to work hard which of course

cannot be achieved without hardworking, committed and qualified employees.

Thus, the main purpose of this paper is to examine the effects of staff turnover on organizational

effectiveness. The study was done based on primary and secondary data sources. A self-

administered structured questionnaire was designed to collect the relevant information from the

respondents. Partly descriptive and partly causal or explanatory research design were followed

and applied. The collected data were analyzed using descriptive statistics and linear regressions.

The result revealed that environmental factors, job related factors and organizational factors are

found to be significantly related to organizational effectiveness. The study recommends that the

management should keep up the good work which is done in the areas of employment retention.

Further, the study recommends, even though competitive compensation for employee retention is

crucial, it will not single-handedly guarantee the company's effectiveness. Thus, the company

should also focus on areas such as research and innovation, advertisement, packaging, design

proper competition strategy, value chain etc...

Key words: environmental factors, job related factors, organizational factors.

10

### Acknowledgement

Of all things, first and for most, all the honorbe to heavenly God, who he enabled me to successfully complete my work despite all difficulites.

Secondly, Iwould like to thank my advisor Assistant Professor Serkalem G/Kirstos(PhD) for his guidance, comments and constructive ideas while Iwas dealing with this paper.

I would like to warmly acknowledge Mr. Muez Tilaye and Mr. Abreham Siyfe from MOHA Soft Drinks Industry, and Nefas Silk Pepsi Cola Branch respectively for their indispensable support during data collection from respondents.

Special thanks also goes to Mr. Mayet Melkam Zeyede who shared me his knowledge with out any limit.

I am also pelased to thank my husband Efrem Mesfin for all the supports he made.

Finally, Iwould like to acknowledge my familes for all their supports, ecnouragments and patience throughout my studies.

Hamelmal Ameha

## **Chapter 1:**

#### 1-Introduction

#### 1.1- Background of the Study

In any organization, the Human Resources are the life blood of life. <sup>1</sup>. It is difficult for the organization to compete in the current era of competition without the loyal and competent Human Resource. Most of the time, loyal employees are productive and thier contribution for the development of the organization is high and vice versa. Minimizing employee's turnover in the organization and retaining the employees for a longer period is the challenge for the Human Resource Managers.<sup>2</sup>

Nevertheless, the problem of employee turnover occurs in most of the organization all over the world. Different intellectuals also defined turnover in different manner.

"Turnover occurs when employees leave an organization and have to be replaced. If the rate of this turnover is excessive, it can be a serious and costly problem which might ultimately challenge even the existence of the company. One firm had a turnover rate of more than 120% per year! It cost the company \$1.5 million a year which brings about lost productivity, increased training time, increased employee selection time, lost work efficiency, interrupted schedules, mistakes, and not having knowledgeable employees in place are some of the frustrations associated with excessive turnover"

<sup>1</sup>Alamdar Hussain et al,2014, Impact of job satisfaction on employee turnover, An empirical study of

Autonomous Medical Institutions of Pakistan ,page 122

<sup>2</sup> ibid

<sup>3</sup>Robert L Mathis et al, Changing Nature of Human Resource Management, page 92

It is believed that a certain amount of staff turnover is acceptable by most organizations so as to inject new bloods in the organization that can bring new ideas and experiences of performing a job. Moreover, some organizations use acceptable staff turnover to promote subordinates to the higher positions. However, if the rate of turnover is beyond the acceptable level, it becomes a challenge for senior managers and the organizations as well.<sup>4</sup>

Human resource managers should formulate suitable strategies or programs to minimize the employee turnover. Similarly, this study is useful to identify the factors, patterns and effects of employee turnover in the context of MOHA Soft Drink, Nifas Silk Branch. This study has used both primary and secondary data to analyze factors of staff turnover.

#### 1.1.1 Background of the company

Pepsi cola traces its origins to 1898 when Caleb Bradham, a pharmacist in New Bern, North Carolina, created a curative drink for dyspepsia called Pepsi Cola. Pepsi Cola later referred to simply as Pepsi, which was a mixture of carbonated water, cane-sugar syrup, and an extract from tropical kola nuts. To sell this product, Bradham formed the Pepsi Cola Company in 1903.In addition to selling the drink at drugstore counters, Bradham bottled Pepsi for sale on store shelves. At this time, bottling was a new innovation in food packaging. However, due to major increase in the price of sugar, Bradham began to lose money on Pepsi and in 1923 he filed for bankruptcy. The Craven holding company, North California, purchased Pepsi- Cola from the holding company. Guth had difficulty getting the business going again, but increased sales by

4Yared Debebe, 2000, Staff Turnover in International Non Governmental Organizations (NGOs): , page 3

5MOHAsoft drink handbook,2004

selling larger bottles at an unchanged price. By 1933 Pepsi Cola was sold by 313 franchised US

dealers bottled in the United States, Cuba and England and sold in 83 countries.<sup>6</sup>

In Ethiopia, MOHA soft drinlk industry s.c was established under the commercial code of

Ethiopia on the 15<sup>th</sup> of May 1996 by Mohammed Hussein Ali-Amoudi (MOHA). This company

was formed after the acquisition of four Pepsi Cola Plants located in Addis Ababa (Nefas Silk &

T/Haimanot), Gondar and Dessie which were purchased by Sheik Mohammed Hussein Ali-

Amoudi on the 18th of January 1996, through BID which was tendered by Ethiopian Privatization

Agency. The hand-Over of the factories was finalized on the 4<sup>th</sup> of April 1996. Nowadays

MOHA Ethiopia has more than seven plants including the new plants like, Nifas Silk Pepsi Cola,

Semit Pepsi Cola, Mekele Pepsi Cola and Hawassa Millennium Plant.

Nefas Silk Pepsi Cola in Ethiopia is the first Pepsi Cola plant in Ethiopia and was established in

1966 as a share company with an initial capital of 1 million Birr. The capacity of the bottling line

at that time was 20,000 bottles per hours (bph). 8As per the interview made with the HR

Department of Nefas Silk Pepsi Cola branch, as of April 2019 the total number of Employees of

the branch is 1041, including 736 permanent and 305contract base workers.

1.2 Statment of the problem

Some researchers say, with the economy gradually improving, workers have become more

confident about leaving their jobs in search of greener pastures, especially as employees are

6MOHAsoft drink handbook.2004

7ibid

8MOHAsoft drink handbook,2004

14

more likely to gain a salary increase if they pursue new jobs. From the view point of companies, since employees are important stakeholders in the organization, huge amount of scarce resources will be invested in recruiting, training and developing.

Due to the above facts, employee turnover has drained scarce resources of many companies and the same is true to MOHA Nefas Silk Pepsi Cola Branch, as the services of the lost employees are no longer available to be utilized. The problem of staff turnover raises a lot of concern in the company. However, employees leave the organization with reasons.

If the needs of employees are properly addressed, staff turnover is not likely to rise. The risen level of staff turnover implies some job dissatisfaction. Therefore, there is aneedto obtain an empirical evidence, by conducting an investigation, as to the nature and impacts of employee turnover on performance of existing employees and the company's effectiveness.

In addition, workers job dissatisfaction, the need to learn new job-specific skills and looking for different career prospects are some additional reasons for high turnover. Thus, to investigate the root causes and reach to an appropriate conclusion, there is a need to obtain empirical evidence.

Therefore, the researcher is motivated to do this study which is aimed to identify the impact of staff turnover on organization effectiveness in the case of MOHA soft Drink Industry, Nifas Silk Branch and to provide recommendations as to how the HR managers at MOHA can address the factors and possibly reduce employees turnover within the beverage industry where MOHA soft drinks is a part.

#### 1.3 Research questions?

Based on the research problem stated in the above, the research has tried to address the following basic research questions;

- ➤ Is there any significant implication of staff turnover which are related to working environment on the companie's organizational effectiveness?
- > What is the implication of staff turnover which are related with the Organizational Facturs
  - of MOHA Soft Drink Industry, Nifas Silk Branch on the organizational effectiveness?
- > Is there any significant implication of staff turnover which are related with Job related
  - factors on organizational effectiveness of MOHA Soft Drink Industry, Nifas Silk Branch?
- ➤ What are the patterns of employee turnover at MOHA Soft Drink Industry, Nifas Silk
  - Branch?
- ➤ Does the organization have staff turnover reduction strategy?

### 1.4 General objectives

The general objective of this study is to assess the implication of staff turnover on organizational effectiveness at MOHA Soft Drinks Industry, Nifas silk Pepsi Cola Branch.

#### **1.4.1** Specific objectives

The specific objectives of the study are as follows:

- > To assess the implication of staff turnover which are related with working environment on organizational effectiveness
- > To assess the implication of staff turnover which are related with the organizational factors on the organizational effectiveness

- > To assess the implication of staff turnover which are related with Job related factors on organizational effectiveness
- ➤ Evaluate the pattern of employee turnover at MOHA Soft Drink Industry, Nifas Silk Branch?
- Assess the existence and effectiveness of employee retention strategy

#### 1.5 Significance of the Study

This study will be important to all stakeholders, employees, employers, mangers as well as policy and strategy makers who are dealing with issues of employee ternover, since it analize as well as recommend possible solutions to minimize turnover of empoyees.

In addition, the following benefits will be obtained from the research:

- It will also be helpful to the soft drink industry by showing the turnover implication on the organization effectiveness.
- It will serve as a secondary data for other studies.

#### 1.6 Scope of the study

The research is designed to examine the factors that influence employee turnover in the beverage industry, in the case of MOHA Soft Drink Industry, Nifas Silk Branch. The study has focused only in environmental, organizational and job factors on all departments of MOHA Soft Drink Nifas silk Branch, at Addis Ababa. Therefore, the study has seen various departments of HR, Finance, Production, Marketing departments and the like.

#### 1.7. Organization of the study

This research study contains 5 different chapters.

**Chapter 1 – Introduction**: the whole intention of this chapter is to give an introductory view to the reader about the study background, the problem statement, objectives, scopes, significance, limitations and how the whole paper is organized or structured.

Chapter 2 – Review of related literature: In this chapter, the researcher reviewed different related literature available in the area of stuff turnover and its impact on organizational effectiveness both theoretically and empirically.

Chapter 3 – Research Methodologies: Third chapter is all about the Research methodology that deals with types and approaches of research design, sampling and sample design, data sources and methods of collection and methods of data analysis.

Chapter 4 – Data Analysis and Interpretation: Chapter four includes result and discussion and chapter five includes summary, conclusion and recommendation.

Chapter 5 – Conclusions and Recommendations: Chapter five presents the summary of findings and conclusions drawn from the study and gives some recommendations as to how the company can further improve its productivity and efficiency.

# Chapter 2

#### **Literature Review**

This chapter discussed the various literatures reviewed and the employee turnover impact on organizational effectiveness. Based on the existing literature theories, conceptual and empirical frameworks are discussed. Additionally, definitions of employee turnover, types, factors and measurements have also been briefly highlighted.

#### 2.1. Definition and Concept of staft turnover

Employee Turnover is defined in different manner. Maryam Farid defined employee turnover, as the number of permanent employees leaving the company within the reported period versus the actual active permanent employees on the last day of the previous reported period.<sup>9</sup>

Lensa Kuma also defined employee turnover, in flux and exit of individuals into and out of workforce of an organization over a specific period of time. When high qualified staffs are often leaving, it affects the productivity of the organization.<sup>10</sup>

Turnover can take several forms. It can be voluntary or involuntary, functional or dysfunctional, avoidable or unavoidable, internal or external, skilled or unskilled. In voluntary turnover, an employee leaves the organization with his own free choice with some of the possible reasons being: low salary, job dissatisfaction or better job opportunities elsewhere, whereas involuntary turnover takes effect when the organization makes the decision to remove an employee due to poor performance or economic crisis<sup>11</sup>. In addition, voluntary turnover can be termed as avoidable turnover and involuntary turnover as unavoidable turnover. However, most studies have focused on voluntary rather than involuntary turnover<sup>12</sup>. This suggests that voluntary turnover is a critical issue for both employees and organizations. Dysfunctional turnover is the exit of high performing employees which are hard to replace their skills and which erode the company's work force and leads to high turnover cost. Functional turnover is the exits of poor performing employees whose talents can be replaced easily. Avoidable turnover is caused by

<sup>9</sup> Maryam Farid,2004, An assessment of the impact of employee turnover on organizational performance, Page 7

<sup>10</sup>Lensa Kuma Tirfe, 2007 Staff Turnover in Humanitarian organizations, Page6

<sup>11</sup>Aksu, A. A. (2004). *Turnover Cost: Research among five-star hotels Antalya, page20* 12lbed

reasons which an organization can solve with certain measures. For employees who leave their job because of reasons like job dissatisfaction, mismanagement, benefit packages ... etc can be retained through improving those gaps while Unavoidable turnover is caused by reasons which an organization has little or no control over it. <sup>13</sup>

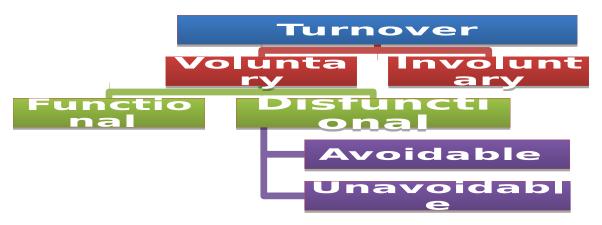


Figure 1; Types of employees Turnover. 14

Source-Loquercio, et .al. (2006)

#### 2.2. Why employees leave their job?

Turnover intention is defined as a conscious and deliberate desire to leave an organization, often measured referring to a specific time interval (e.g., within the next six months). It is the last element in a sequence of withdrawal cognitions leading to actual turnover <sup>15</sup>. Oxford Dictionary 2006, also defined Intention is an act or instance of determining mentally upon some actions or result or the end or object intended, purpose.

<sup>13(</sup>David, avid, G. (2008). Retaining Talent: A guide to Analyzing and Managing Employee Turnover, SHRM Foundation's effective Practice Guidelines Series. USA 2008 P. 2

<sup>14</sup>Loquercio, et .al. (2006) Understanding and Addressing Staffs Turnover in Humanitarian Agencies. Page number 2

<sup>15</sup>Tor, W., Guinmaraes, J.E. Owen, S.T. (2000). "Assessing employee turnover intentions before and after TQM" *International J. Qual. Reliability manages.* 14 (1): 46-63.

Turnover is the process through which staffs leave a business or organization and that business or organization replaces them. Turnover intention refers to an individual's estimated probability to leave his or her current organization at some point in the near future. 16

Turnover intention is a complex phenomenon that depends on various factors. Many researches on employee turnover behavior indicates that age, gender, tenure, designation, experience, compensation, education, nature of employment are predictors of turnover intentions of employees in the organization.

#### 2.3. Factors of employee's turnover

Employee turnover basically occurs due to unhappiness of an individual employee from job environment. Being unhappy is not merely the reason in a job, why individuals leave one job for another job. If the employees possess the skills that are in demand, they may be awarded higher pay, better facilities or job growth prospective. So, it is very important to recognize and know the difference between those employees who leave the job because they are not satisfied with their job and those employees who leave their job for other reasons, <sup>17</sup>.

Here below some of important factors that contributes to employee turnover;

16Brough, P. & Frame, R. (2004). ",Predicting police job satisfaction, work well-being and

turnover intentions: The role of social support and policy: organizational variables", New Zealand Journal of Psychology, 33, 8-18.

<sup>17</sup>Gardner, D.G. (2009). Employee Focus of Attention and Reaction to Organizational Change. The Journal of Applied Behavioral Science, 23(3), 11-288.

#### 2.3.1. Career growth opportunities

Career is the constant progress, experience and skill acquisition of a person in a specific work field. Even though career, in the general sense, is defined as the total of the jobs a person undertakes through his or her entire life, it has a meaning beyond and wider than this definition. The career of individuals is not only the jobs they have, but their training for fulfilling the expectation, goal, emotion, and desires related to their job role, and, as a result, progressing in that workplace with the knowledge, skill, quality and desire to work. Career is the process that is directly related to personal and organizational goals and creates an accumulation of experiences emerging from the tasks, jobs, positions of the person or from the transitions such as promotions, transfers that the person goes through in these positions (Yılmaz, 2006)<sup>18</sup>.

#### 2.3.2. Organizational culture

Organizational culture creates the value of an institution not only by the manners and behaviors of every individual in the organization but also by the collective attitudes and behavior of the organization in general (Aksoy et al., 2014). Understanding the culture of an organization is important in order to remove the challenges faced by the organization in and Emecheta (2012) claim that managers must shape and build a culture that is more favorable to both employees and the organization in order to achieve the needed organizational goals<sup>20</sup>.

#### 2.3.3. Pay level

Pay has a true alliance between employers and employees that help the organizations to apprehend and view decisions which assist in achieving the preset plans and objectives. With

<sup>18</sup> Singaporean Journal of Business economics, and management Studies (SJBem) VOL. 5, NO. 7, 2017, Page no.10

<sup>19</sup> Organizational culture and employee job performance: Case of insurance companies in Anuradhapura District,I.C. Chandrapala\* and P.M.B. Jayathilake page.No.207

<sup>20</sup>Hagere Tsegaye,2017, The effects composition practice on professional employees` turnover intention, page 18

regards to the extent level of effect pay (salary) has on employees" turnover intention, on the contrary,pay levels and pay satisfaction have only modest predictors of people's turnover. <sup>21</sup>This argument is further supported by SamuealEmn and C.O ikemefuna (2012), stating that researchers debate about the extent to which salary improvement impact has in staff retention. He pointed that, the consensus among researchers is that pay has a role to play as a satisfier, but that it will not usually have an effect when other factors are pushing an individual towards quitting<sup>22</sup>.

#### 2.3.4. Reward, recognition and compensation

When motivation is a factor it exerts a driving force on our work for the overall activities in the organization. Entwistle (1987) is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. Majority of the organizations require their employees to work according to the rules and regulations, as well as, job requirements that comply with full standards. The investigations that have been conducted to find the relationship between compensation and individuals were focused to increase the performance of employees (Asegid . N 12007). The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals. Among financial, economic and human resources, human resources are more vital that can provide a company competitive edge as compared to others<sup>23</sup>.

\_

<sup>21</sup>IBED

<sup>22</sup>Samuel E.M. & C.O. Ikemefuna (2012), "Job Satisfaction and Employees' Turnover Intentions in Total Nigeria Plc. In Lagos State", International Journal of Humanities and Social Sciences, Vol. 2 No. 14

<sup>23</sup>Asegid. N. (2007) Turnover Intention and its impact on organizational efficiency, the case of Wegagen Bank WolaittaSodo Branch. Wolaita Sodo: Wolaitta Sodo University. Page 35.

#### 2.3.5. Training and supervision

Employees always need direction and guidance. Those who are newly recruited need extra guidance in learning different jobs. Likewise, absence of training programs may cause employees to fall behind their performance level and realize that their skills are missing <sup>24</sup>. (Barbara. J.K 2002) said that training of employees is associated with employee decisions to remain in the organization. He additionally researched and concluded that employee turnover has a direct relationship with job satisfaction; he further said that job satisfaction has a direct relationship with training provided to organize employees. This shows that job satisfaction has a significant relationship with an employee turnover rate. On the other hand, the quality of training programs provided to the organization's employees shows an indirect relationship with an employee's plan to remain or give up the organization. He recommended that training of employees' is the main root for the success of an organization. The employee's turnover rate could be reduced by training the employees' and to keep talented people with them<sup>25</sup>.

#### 2.3.6. Work place environment

Workplace environment includes not only the physical elements around the work area of an employee but also all things that form part of the employee's involvement with the work itself. World at Work, the Total Reward Association defines workplace environment as the total cluster of observable physical, psychological and behavioral elements in the workplace. A positive work environment is believed to make employees feel good about coming to work and provide the necessary motivation to sustain them throughout the day. This observation is echoed by Wells

<sup>24</sup>Rizwan Qaiser,2011, Impact of reward & recognition on job satisfaction and motivation, page  $160\,$ 

<sup>25</sup> Zeeshan Ahmed et I,2016 Impact of employee turnover on organizational effectiveness, page 131

&Thellen (2002), who stress that organizations offering suitable levels of privacy and sound controls at the work place thereby improving levels of motivation and commitment in employees have an, increased ability to satisfy and retain employees<sup>26</sup>.

#### 2.3.7. Supervisor relationship

The relationship that an employee forms with his supervisor is a factor in staff turnover. A lack of respect or support from a supervisor is one of the top reason's employees leave, according to Leigh Branham. Factors that contribute to a negative employee-supervisor relationship include poor feedback, too much negative feedback, and a lack of recognition. Open and clear communication helps an employee feel like he can trust his supervisor. Strong communication also gives an employee a sense of control and participation.

In general, we can see that is not only one but different factor that can lead to employee turnover.

The level of impact on turnover decision of the previously mentioned factors differs from individual to individual based on the situation he/she is in.

#### 2.4. Employee retention strategies

The retention of employees starts with a procedure which includes interviewing, selecting and hiring process (Saunders et al 2009)<sup>27</sup>. The main objective of employee retention strategy is to avoid the loss of talented and trained staff from the industry (JernejBuzeti, 2016)<sup>28</sup>.

<sup>26</sup>Wells, M. &Thelen, L. (2002). What does your workplace say about you? The Influence of personality status and workplace on personalization. Journal of Environmental and Behavior Sciences, 34(3), 300-321

<sup>27</sup>Saunders, J., Lewis.A, & Thornhill, K.B. (2009). Quantitative versus qualitative research: An attempt to clarify the issue. Educational Researcher, 6–13.

<sup>28</sup>Jernej Buzeti, (2016), Evaluation of measures to reduce employee turnover, Page 122

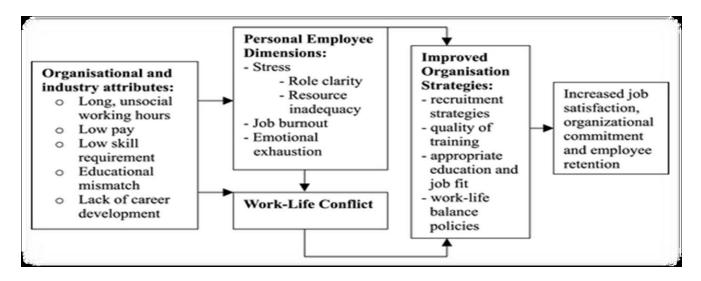


Figure 2: "A structure for improving employee retention rate"

Source: Deery, M.,2008. 'Talent Management, Work-Life Balance and Retention Strategies' International Journal of Contemporary Hospitality Management,

There are different strategies which need attention to improve the employee retention rate. Emphasis on recruitment strategies and better-quality training are the examples which can help in attaining the effective result. Figure 2 describe the most general strategies which are used in the research and how the employee retention rate can be improved. There are various general approaches to observe the effect of low employee retention and in the figure, there are several methods to increase work pleasure and organizational commitment. The framework includes different aspects of organizational and business attributes like low wages, unsocial working hours, low skill requirements and so on, which effect the work life balance and the personal employee dimensions. In future if the organization focus on improving the quality and organizational strategies like enhanced recruitment strategies, training, appropriate education and

job fit and work life balance of employees then it will increase the productivity of the organization and the rate of employee retention (Deery, 2008)<sup>29</sup>.

#### 2.5. The impact of high staff turnover on organizational effectiveness

In the course of the last 20 years of Managerial issues, the matter of employee turnover still exists in a large portion of the companies all through the world. Even in well-developed economies, the trend of staff turnover is still tremendous. The ability of work done by the staff or the level of performance accomplished is due to the workers fulfillment within organization<sup>30</sup>. Staff turnover in companies is one of the major issues which widely influence the general performance of an organization. Garden,A.M 2003, proposed that turnover impacts both organizations and employees. Staffs experience various issues such as the need to learn new specific job skills. Coming from the organizational perspective, companies suffer from the costs of hiring and training new employees and also the loss of specific job skills.

In addition, the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organization. People grow professionally and personally, and good employers are able to accommodate these changes in the circumstance. A highly satisfied workforce is far more capable of meeting organizational goals and customer needs than an apathetic and uninspired one<sup>31</sup>. Tyani

**29IBID** 

<sup>30</sup> Abdali, F. (2011). 'Impact of Employee Turnover on Sustainable Growth of Organization In computer Graphics Sector Of Karachi, Pakistan'. *SSRN Journal* page 32

<sup>31</sup>Swanepoel, B., Erusmus, B., Van Wyk, M. and Schenk, H. (2003). *Human Resource Management: Theory and Practice. 2nd Edition.* Cape Town: Juta. Page 66.

(2001) states that cost is not only financial but must also be measured by the damage to staff morale and deficits in meeting community demand<sup>32</sup>. According to Page Ton, Z and Huckman, R. ds 2008 the escalation in the rate of labour turnover is a major concern for businesses and is clearly impacting on organizational performance. Clients begin to doubt the management of such an organization and unsure whether they should continue to do business with an organization with higher staff turnover. Mullins (2005) maintains that the costs of recruiting and engaging new members of staff are considerable. He adds that this affects the direct costs like advertising, agency fees, paper work and interview time<sup>33</sup>. Robbins and Decenzo (2001) state that there are many hidden or indirect costs, like the expenses incurred in training and supervising new entrants, as well as those they are replacing and overtime that may have to be paid during staff shortages. Other costs may include increased wastage and losses while new staff settles in. Moreover, customer irritation and low staffing morale leads to high staff turnover.

(Cohen et al, 2007) states that staff turnover is costly and disruptive. Costly, as it reduces the output and disruptive, as it requires that schedules and programs to be modified The cost of staff turnover and the impact thereof on productivity alone is enough to depress any human resource manager and the organization. There might be a delay of service delivery while waiting for the replacement staff to arrive<sup>34</sup>. In addition, there might be production losses while assigning and employing replacement staff (Ziel and Antointette, 2003).

<sup>32</sup>Tyani, B.I.N. (2001). Absenteeism: A nursing service problem in the Republic of Transkei.

Pretoria: UNISA Press Page No.67

<sup>33</sup>Mullins, J.L. (2005). Management and OrganisationalBehaviour.4th Edition. London: Pitman Publishing, Page No. 55

<sup>34</sup>Cohen, Manion, Morrison & Morrison, (2007) .Exploring the nature of research questions in mixed methods research [Editorial]. Journal of Mixed Methods Research, 1(3), 207-211.

Martin (2003) proposed that the main problem of staff turnover that companies encounter is actually the costs, which may either affect the organization directly or indirectly. There are various issues which may arise due to these costs which includes; the labour market search for potential replacement, selection dilemma between potential replacements, orientation of selected substitutes and also the training of these substitutes until he/she achieves the level of proficiency of the worker who got sacked or decided to quit. There are also various indirect costs to organizations when employees leave. These, as indicated by Sutherland (2004), incorporate the abilities, knowledge and also, contacts that the exiting employee takes out of the company. These issues will have a negative effect on organizations as these costs (direct and indirect) will definitely weigh on the organization financially and in terms of performance. These are some of the major reasons why companies need to keep its employees satisfied and happy via potential strategies. As these issues might have a negative effect on the organization.

As analyzed by Martin (2003) employees and firms both feel the impact of employee turnover. Staffs experience disruption in the workplace, the urge to find distinctive career prospects and to learn specific job proficiency. Organizations endure the disruption of production, loss of job specific skills and incur the costs of hiring and training new workers. However, new employees may possess better education and have greater initiative and be more talented than those leave. This emphasizes that employee turnover indeed has both positive and negative impacts, the employers needs to know when to either let go, retain its employees or whether to employ new staffs although various factors influence this decision, the decision is still important and has effects on the performance of the organization. Many researchers have attempted to understand the effects of employee turnover to organizations, to know if it's of destructive effect or whether

employees are disposable assets which should be taken seriously. The negative effect of turnover has been studied by various literatures, and it has been said to lead to adverse effect on the organization, these effects are employee separation, replacement and training costs, reduced output and productivity and also disruption to business operations (Dalton et al, 1982)<sup>35</sup>. Despite the enormous research and surveys which have been done on this topic, from the above literatures, we can see that staff turnover definitely has a significant impact on employees' performance and organizational effectiveness. Thus, we discovered that high staff turnover could lead to many problems including work load, diminished productivity on employees and the loss of critical information and intellectual personal is very expensive an advantage to competitors who eventually employ these staffs.

#### 2.6. Conceptual framework of the study

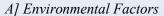
Based on the different literatures reviewed and models developed by different researchers, the following conceptual framework was developed concerning the issue under study. There may be many variables which determine organizational effectiveness but the study taken organizational effectiveness as dependent variables and career growth opportunities, organizational culture, reward, recognition and compensation, training and supervistion, Industry were taken as an independent variable.

Fig 3: Conceptual Framework of the Stud

35Dalton, D.R., Todor, W.D. &Krackhardt, D.M. (1982). Turnover Overstated: The Functional Taxonomy. Academy of Management Review, 7, 117-123.

# **Dependent Variables**

# Independent Variable



- ✓ Work place environment
- ✓ Supervisor Relationship
- ✓ Work Enjoyment at MOHA
- ✓ Work Preference another industry than here
- ✓ Consideration of leaving MOHA

#### B] Organizational Factors

- ✓ Career Growth Opportunities
- ✓ Reward, Recognition and compensation
- ✓ Pay level
- ✓ policies and procedures applied application
- ✓ leaders building of a multi-cultural climate
- ✓ leadership style, unfair recognition

#### C] Job Factors

- ✓ Training & Supervision
- ✓ Career Growth Opportunities
- ✓ Unfair payment and performance appraisal



# Organizational effectiveness

#### 2.7. Empirical experience

Empirical studies have shown that high employee turnover significantly increases costs for organizations (Tarikqueand et al 2013)<sup>36</sup>. Studies show that employee turnover costs are higher in more complex, more independent and better-paid jobs and those that require greater efforts. According to some data, the costs of replacing a worker reach an average of one third of the annual earnings of a new employee (Hussen .T and S.Asif 2012)<sup>37</sup>, while others estimate these costs at 25% (Elywood.J, 1999). For the most part, these are rough estimates based on partial studies in different industries<sup>38</sup>.

Accoording to Mustafa and Zakaria,(2013)demostrated that turnover adversely influnces the financial profits of an organization. They also estimated that ring and tarning a replacement worker for alost employe can potentially cost 50% of the general employees yearly salry, although it must be noted that it was stated that the costs do not stop there. Ease case of employee turnover in organization negatively affects overall productavity because of the steep learnin curve involved in understanding a new job and anew organization<sup>39</sup>.

<sup>36</sup>Tarique, N., Ramzan, M. and Riaz, A. (2013) the impact of employee turnover on the efficiency of the organization, Interdisciplinary journal of contemporary research, 4(9).

<sup>37</sup>Hussain .T and S. Asif(2012) Turnover Intention Driven by Organizational Commitment and Is Employees' Perceived Organizational Support? Journal of Quality and Technology Management, Vol. III, Issue II, December 2012, Page1-10 38Elywood, J. (1999). Models for production and operation design, Intention To Quit? Journal of Managerial Psychology, Vol.19 No.2 pp.170-187

<sup>39</sup>Mustapha N. and Zakaria C. (2013) The Effect of Promotion Opportunity in Influencing Job Satisfaction among Academics in Higher Public Institutions in Malaysia, International Journal of Academic Research in Business and Social Sciences.

### **Chapter 3**

#### 3.1 Research Methodology

This paper has examined both primary and secondary sources of data which has been gathered from MOHA Soft Drinks Industry, Nifas silk Pepsi Cola Branch. Primary data is datathat has been directly collected by the researcher from a source such as observations, questionnaire and interviews according to the requirements. Sources of secondary data like publications, websites, books, journal articles and internal records have been used as research methodologies.

#### 3.2 Research design

The study assesses the implications of empoyee turnover on organizational effectiveness of MOHA Nifas Silk branch. Hence, the major objective of the research design is to obtain the evidence regarding the implication of empoyee turnover on organizational effectiveness of MOHA Nifas Silk branch. Hence, the research is designed to identify the extent and nature of cause-and-effect relationships between empoyee turnover and organizational effectiveness. Moreover, this research has adopted explanatory research method.

# 3.3. Research approach

There are two type of research approaches which are quantitative and qualitative. Quantitative data involve numeric scores, metrics, and so on, while qualitative data includes interviews and observations. The main advantage of quantitative research is the ability to count gathered data and using techniques such as regression and some statistical models. The researcher fulfills the

research objectives and make possible to draw lessons, conclusions and recommendations.

Quantitative research is characterized by deductive

relationship between theory and research that means a researcher should have understanding of a researched issue before starting the measurementsKothari.P, 2004.

Since the objective of this study was to assess the implication of staff turnover on organizational effectiveness, assess employee retention strategy and evaluate pattern of turnover, at MOHA Soft Drinks Industry, Nifas silk Pepsi Cola Branchit has applied both quantitative and qualitative methods in order to fulfill the research objectives and make possible drawing lessons, conclusions and recommendations.

## 3.4. Population sample size and sampling techniques

## 3.4.1. Population of the study

A population is defined as the set of individuals, objects, or data from where a statistical sample can be drawn [CITATION Sau12 \1 1033 ]<sup>40</sup>. The total population of the study is comprised of employees of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola Plant. According to the HR resources of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch, as of April 30,2019 the total number of permanent employees working in the organization is around 1041. Thus, statistically the population of the study consisted of all the employees in Nifas silk Pepsi Cola Plant which is 1,041.

<sup>40</sup>Saunders, J., Lewis.A, & Thornhill, K.B. (2009). Quantitative versus qualitative research: An attempt to clarify the issue. Educational Researcher, 6–13

#### 3.4.2. Sample size

According to Buchan J.P 2005, sample size refers to the number of items to be selected from the universe to constitute a sample<sup>41</sup>. The target population includes only those employees who are working for MOHA, Nefas silk Branch.

Determining sample size is a very important issue since samples that are too large may waste a lot of time, capital and other resources, while samples that are too small may lead to inaccurate results [ CITATION Kot041 \l 1033 ] $^{42}$ . From the total population of 1,041 employees who are working for MOHA, Nefas silk plant,the Sample Size used was only 289 by using Simplified formula developed by [ CITATION Coc97 \l 1033 ]. This formula is important to calculate the sample sizes and is shown below. A 95% confidence level and e = 5% are assumed for the Equation

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

Where:

n=Sample Size

N=the finite population (Population size)

e= Level of Significance (or limit of tolerable error)

1=Unity (is a constant)

$$N = \frac{1,041}{1 + 1,041(0.05)^2}$$

N = 288.96

Approximately N = 289

<sup>41</sup>Buchan, J.P. (2005). The changing distribution of job satisfaction and customer retention. Journal of Human Resources, 115–133

<sup>42</sup>Kothari, P. (2004). Using mixed-methods research to adapt and evaluate a family strengthening intervention in Rwanda. African Journal of Traumatic Stress, 2(1), 32–45

#### 3.4.3. Sampling techniques

This study has used random sampling technique, which is a peodedure for sampling from a populationin which the seletion of a sample unit based on a chance and every element of the population has aknwon, a non—zero probability of being selected. There are many reasons to use random sampling technique in this study. To mention some advantages, we can get an opportunity to create generalizations from the data collected, we can save time and money while collecting data, we can target niche demographics to obtain specific data points, there is a possibility to achieve a maximum level of variation in it and it can glean information from the various extremes of population groups.

Thus, the research has chosen the following respondents from each department using random sampling as presented in the following (table 1).

S/N	Department	Number of Employees	Formula	Sample size
		As of April,2019 Total		
1	GM	9	9 x 289/1041	2
2	HR.	176	176 x 289/1041	49
	Department			
3	Finance	37	37 x 289/1041	10
4	Purchase	36	36 x 289/1041	10
5	Technical	71	71 x 289/1041	20
6	Sales	275	275 x 289/1041	76
7	Production	362	362 x 289/1041	100
8	Quality	29	29 x 289/1041	8
	control &			
	Food Safety			
9	Vehicle	28	28 x 289/1041	8

	Maintenance			
10	CO2 Plant	18	18 x 289/1041	5
	Total	1041		289
		•		

Table 1: Sample size determination for targeted group

Source; MOHA, Nefas Silk Branch, 2019

## 3.5. Data sources and types

While dealing with the study, the researcher has used both primary and secondary data which have been gathered from MOHA Soft Drinks Industry, Nifas Silk Pepsi Cola branch. Generally, the data source for this study is primary data generated through the use of self-administered questionnaires. Morover, unstructured interview and meeting with the Human resources officials of MOHA Soft Drinks Industry, Nifas silk Pepsi cola branch was additional sources of the primary data. Secondary data has been generated through the review of annual reports, article of memorandum, manuals, and hand books of MOHA Soft Drinks Industry and other related studies of the soft drinks industry.

## 3.6. Instruments of data collection

Survey research is a research method involving the use of own develpoed questionnaires and unstandardize interviews to collect data about people and their preferences, thoughts and behaviors in a systematic manner. Some of the advantages of survey are; first, survey is an excellent vehicle for measuring a wide variety of unobservable data such as people's preferences, traits, attitudes, beliefs behaviors or factual information. Second, survey research is economical in terms of research time, effort and cost than most other methods such as experimental research and case research. Third, due to their unobtrusive nature and the ability to respond at one's

convenience, questionnaire survey is preferred by some respondents<sup>43</sup> A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner. Structured questions ask respondents to select an answer from a given set of choices. (Ibid)

Hence, survey study was carried out to collect primary data from sample respondents through structured questionnaire. The instrument used in this study was a close-ended questionnaire that was developed mainly, with slight adaptation, from the review of related literature. Close-end, mainly Likert-scale, questions were used to collect data from respondents except for questions relates to demographic characteristics of the respondents. Likert-scale is defined as Psychometric scale commonly involved in research that employs questionnaires. It is the most widely used approach to scaling responses in survey research (Deery 2008).

The close end questionnaire is designed on a five-point Likert scale weighing as 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. It is a widely used rating scale which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements or questions Samuel and Chipunza 2009.

This rating scale is easy to conduct and administer and respondents readily understand how to use the scale. The questionnaire is divided in to the following sections: Section One:

Demographic variables, the general information will be collected with closed ended questions.

Section Two: Independent variables: this section measures Environmental Factors,

Organizational Factors and Job Factors. Section Three: Dependent variables, this section

<sup>43</sup>Kothari, P. (2004). Using mixed-methods research to adapt and evaluate a family strengthening intervention in Rwanda. African Journal of Traumatic Stress, 2(1), 32-45

measures organizational effectiveness with respect to MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch.

#### 3.7. Method of data analysis

The data were collected through the questionnaires from the employee of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch and it was analyzed using the Statistical Package for Social Sciences (SPSS) which is a software package used for interactive, or batched statistical analysis. Both descriptive and inferential statistics were used to analyze the data based on objectives of the study. All the descriptive information on the survey data was analyzed using descriptive statistics such as Percentage, frequency; mean and standard deviation. With respect to inferential statistics, correlation analyses were conducted to check the relationship between the variables. And multiple regression analysis was done to examine whether the independent variables have any influence on the dependent variables, and to estimate magnitude of their contribution.

Linear multiple regression model was a technique that used to investigate the effect of one or more predictor variables on an outcome variable. Regression allows to make statements about how well one or more independent variables were predicting the value of a dependent variable [CITATION Sek031 \1 1033 ]. In order to analyze the dependent and independent variables, the multiple regression models are written with three independent variables as follows:

$$Y = a + b1X1 + b2X2 + b3X3 + e$$

Where Y is the dependent variable- organizational effectiveness, a, is the constant or y-intercept of the equation. It represents the value of Y if the independent variables are set equal to zero. b, is the regression coefficient or slope of independent variable X1 or the change in dependent

variable for one-unit change in independent variable, controlling for other independent variables. X1, X2, and X3, are independent variables (Environmental Factors, Organizational Factors and Job Factors), e represents error term.

## 3.8. Validity and reliability of the instrument

#### 3.8.1 Reliability test

According to [CITATION Sek031 \l 1033 ], Validity means that we are measuring what we want to measure. There are different types of validity measurements including, face validity - whether at face value, the questions appear to be measuring the objective of the study. This study has undertaken a pre-test on selected employees to check the validity of the questionnaire and corrections were made based on the feedback collected. Those respondents who were part of the pilot test were not included in the actual conduct of the study. The content validity is also assured when the questionnaire was prepared based on extensive reading of literature review. While preparing the questionnaire, ambiguous or vague wordings are avoided to ensure that respondents would read and answer the question consistently on different occasions in the same context. The data from different sources can help for crosschecking the information obtained. To assess the goodness of the instrument measures, the instrument was subjected to the construct validity and reliability tests.

It is mandatory that assessors and researchers should estimate the quantity to add validity and accuracy to the interpretation of their data. The term reliability is defined as consistency of measurement or stability of measurement over a variety of conditions in which basically the same results should be obtained [ CITATION Coc97 \l 1033 ]

Cronbach's alpha coefficient is the most popular and commonly used technique to estimate reliability or internal consistency of assessments and questionnaires in the behavioral sciences coefficients [ CITATION Coc97 \ldot\ 1033 ]. Reliability of the items/questions has been checked and rechecked before the distribution of questionnaires is analyzed by using Alpha Test. The accepted alpha value is ranging from 0.70-0.95, Cochran (1997). Thus, the pre-test result revealed that the calculated value aimed to test the reliability of the instrument was found to be relevant, because reliability calculated value which is above 0.70 is considered to be reliable instrument. A summary of the reliability statistics of the data from the SPSS version 20 is presented in the table below.

	Number of	Cronbach's
Variables	Items	Alpha
Environmental Factors	5	.621
	3	
Organizational Factors	5	.813
Job Factors	5	.859
organizational effectiveness	6	.804
All variables	21	.932

Table 2:Test of reliability

Source: SPSS result, 2019

Since the value of cronbach alphas which is a common measure of internal consistency (reliability) for this study is above 0.77 for all scale variables, the data collected from respondents was reliable and consistent with the scale. In simple term, the result has confirmed the reliability and consistency of the questionnaire.

## 3.9. Ethical consideration

When the study is done, the name of the respondents and other identifying information are not incorporated. Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data.

## **Chapter 4**

#### 4.1. Results and Discussion

In this chapter of the study, the data collected from employees of the organization through close-ended questions were analyzed. The main purpose of the study was implication of employee turnover on organizational effectiveness: a case study of MOHA soft drink industry S.C NifasSilk plants. To achieve the objective of the research, 289respondents were selected. The data collected were entered into SPSS version 20, and various statistical steps have been applied to arrive at the desired output for analysis and presentation. The analysis part was done using both descriptive and inferential statistics.

#### 4.2 Findings of the study

In this chapter, the results obtained in the project are presented and discussed. First background information on the respondent statistics is presented. Such information includes demographic profile. Then the statistical methods of analysis were discussed, which included a descriptive analysis, Reliability Analysis, Factor validity, and a correlation and Regression analysis are presented by using SPSS version 20.

This part of the thesis has analyzed about data collected from the responses of the survey and also discusses the findings and results of respondents.

#### 4.2.1 Respondents' demographics

The study used questionnaires for sampled respondents that are grouped in to five parts or Cluster. The first part of the questionnaire consists of six questions requesting about age, sex, educational level, marital status and work experience of the respondents. This demographic

information of the respondents was not used to understand their relationship with the dependent variable rather they are just used to understand the composition of the respondents.

	Age						
		Frequency	Percent	Cumulative Percent			
	18-25	20	7.1	7.1			
	26-35	88	31.1	38.2			
	36-45	93	32.9	71.0			
Valid	46-55	50	17.7	88.7			
	56 and above	32	11.3	100.0			
	Total	283	100.0				

**Table 3:Age of the respondents** (Source; survey questioner, 2019)

The above table shows that about 7% of the respondents were between the ages of 18 to 25, 31% of the respondents were found in between 26-35, 33% of the respondents were between the age of 36-45 and 18% of the respondents were found at the age of above 46-55 and 11% of the respondents wereabove 56 years old. This means that the respondents are relatively at the middle age.

	Sex						
		Frequency	Percent	Cumulative Percent			
	Male	228	80.6	80.6			
Valid	female	55	19.4	100.0			
	Total	283	100.0				

**Table 4: Sex of the respondents** (Source; survey questioner, 2019)

As shown in table 4 above, out of 100 respondents, 80% of them were male and the remaining 19% were female respondents.

Educational Background							
		Frequency	Percent	Cumulative Percent			
	Elementary	1	.4	.4			
	High school dropout	6	2.1	2.5			
	12 complete	31	11.0	13.4			
Valid	TVET1-2	13	4.6	18.0			
	Diploma/TVET 3	77	27.2	45.2			
	First Degree	155	54.8	100.0			
	Total	283	100.0				

**Table 5: Educational level of the respondents** (Source; survey questioner, 2019)

As can be seen from the table in the above, a large number of respondents, 54% are those who holds bachelor's degree,27% Diploma/TVET, the rest 18% of them are high Scholl dropout and 12gradescompleted.

**Marital Status** 

		Frequency	Percent	Cumulative Percent
Valid	single	91	32.2	32.2
	Married	184	65.0	97.2
	Separated/ Divorced	8	2.8	100.0
	Total	283	100.0	

**Table 6: Marital status of the respondents** (Source; survey questioner, 2019)

Marital status is one of the demographic variables which has been taken into consideration by the researcher of this thesis. It has single, married, separated/divorced and widowed categories, during the survey questionnaire as compiled in the above table. Accordingly, most of the respondents of the survey are married that account for65%, whereas the single constitute32% and 3% of the overall respondents are with a divorced background, from the total respondents of 283. From this demographic profile, the implication of the analysis is that the majority of the respondents are with a background having married-status.

Length of Experience

Table 7:
Length of

Percent Cumulative Percent Frequency below3 years 6.4 18 6.4 24 8.5 14.8 3-5 years 6-10 years 45 15.9 30.7 11-15 years 75 26.5 57.2 16 years and above 42.8 100.0 121 Total 283 100.0

experience of

the respondents (Source; survey questioner, 2019)

As one can understand from the above table, almost 43% of the respondents fall under the categories of 16years of experience and above. This shows that the majority of respondents are well experienced. On the other hands, 11-15 years of experience are followed by 27%, the remaining 16% are having 6-10 years of experience,9% are having 3-5 years' experience and 6% below 3 years work experience respectively.

Salary							
		Frequency	Percent	Cumulative Percent			
	1000-4000 birr	23	8.1	8.1			
	4001-6000 birr	45	15.9	24.0			
	6001-10000 birr	53	18.7	42.8			
	10001-15000 birr	57	20.1	62.9			
Valid	15001-25000 birr	48	17.0	79.9			
	25001-35000 birr	35	12.4	92.2			
	above 35000 birr	22	7.8	100.0			
	Total	283	100.0				

**Table 8: Salary of the respondents** (Source; survey questioner, 2019)

Regarding the salary structure of respondents, 20% are between the salary group of 10001-15000Birr, 19% are in the salary group of 6001-10000Birr. While salary group 25001-35000 Birr account to be 12%, salary group4001-6000 Birr account to be16%. Salary group of both above 35000 and between1000-4000Birraccounts for 8% of the respondents. This implies that the majority employees of MOHA Soft drink, Nefas silk branch are under the salary category of 10001-15000Birr.

## 4.2.2. Regression analysis

Regression analysis is a mathematical measure of the average relationship between two or more variables in terms of the original units of the data. Regression clearly indicates the cause and effect relationship between the variables. In regression, the variable corresponding to cause is taken as independent variable and the variable corresponding to effect is taken as dependent variable. Regression analysis is the relationship between dependent variable and independent

variable. Linear regression is the relationship between dependent variable and more than one independent variables. For this study the researcher used linear regression to test the relationship between dependent variable and several independent variables. Below are the results of the several tests conducted with the help of regression analysis.

Regression Analysis: implication of staff turnover on organizational effectiveness

## 4.2.2.1. Environmental factors

			Model S	ummary			
Table	Model	R	R Square	Adjusted R	Std. Error of the	9: Environmental	
Table				Square	Estimate	7. Liivii oliiliciitai	
factor	1	.827ª	.684	.678	.55471	model summery	
ractor	a. Predi	ictors: (Consta	model summer y				
The	The EV1- Work Enjoyment at MOHA above regression table						
		Preference an	summarizes the model				
		to find anothe		performance with			
	•	ideration of lea		relevant analysis. R			
	Source:	SPSS resu	represents the multiple				
						correlation coefficients	

with a range that lies between -1 and +1. Since the R value is 0.827, it means that organizational effectiveness has a positive relationship with the working environment.

Opportunity for career advancement. **R** square represents the coefficient of determination and ranges between 0 and 1. Since the R square value is 0.684, it implies that 68 % of the variation in employee performance is enhanced by the working environment.

**ANOVA:** -Analysis of variance (ANOVA) is a statistical procedure concerned with comparing means of several samples. It can be thought of as an extension of the t-test for two independent samples to more than two groups. The purpose is to test for significant differences between class means, and this is done by the analysis of the variances. The ANOVA test of the hypothesis is based on a comparison of two independent estimates of the population variance.

**ANOVA**<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	184.601	5	36.920	119.984	.000 <sup>b</sup>
1	Residual	85.235	277	.308		
	Total	269.836	282			

Table 10: Environmental factor ANOVA

Source: SPSS result, 2019

a. Dependent Variable: organizational effectiveness

a. Predictors: (Constant), EV5, EV2, EV3, EV4, EV1

EV1- Work Enjoyment at MOHA

EV2-Work Preference another industry than here

EV3-Hard to find another Job

EV4-Accept any job to keep working at MOHA

EV5-Consideration of leaving MOHA

Source: SPSS result, 2019

From the above table 10, we concluded that the model is a good fit. Since, the p-value, 0.000 is less than Alpha = 0.05. This result indicates a linear relation between the dependent variable and the independent variables.

Un standardized coefficients are 'raw' coefficients produced by regression analysis when the analysis is performed on original, un standardized variables. Unlike standardized coefficients,

which are normalized unit-less coefficients, an un standardized coefficient has units and a 'real life' scale.

A un standardized coefficient represents the amount of change in a <u>dependent variable</u> Y due to a change of 1 unit of <u>independent variable</u> X. Un standardized coefficients are usually intuitive to interpret and understand. Since they represent the relation between raw data, they can be used directly in calculations and analysis. They can also be used to make comparisons within the regression equation when just one <u>measurement scale</u> is in use. If several measurement scales are in use, standardized coefficients are preferred for comparison.

Coefficients<sup>a</sup>

Model		Unstandardize	ed Coefficients	Standardized	t	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	.371	.176		2.106	.001
	EV1	.361	.041	.381	8.816	.000
1	EV2	.393	.037	.456	10.498	.000
1	EV3	.083	.032	.108	2.567	.011
	EV4	.129	.033	.165	3.863	.000
	EV5	.066	.031	.087	2.107	.001

a. Dependent Variable: organizational effectiveness

EV1- Work Enjoyment at MOHA

EV2-Work Preference another industry than here

EV3-Hard to find another Job

EV4-Accept any job to keep working at MOHA

EV5-Consideration of leaving MOHA

Source: SPSS result, 2019

#### **Table 11:Environmental factor coefficients**

As shown on table 11, the results of regression regarding environmental factor show that all variables under this factor has positive relationship with organizational effectiveness and also

statically significant effect on organizational effectiveness. To mention one vairable as an example, The coefficient of EV1 (Work Enjoyment at MOHA) is .361 which implies that on average a percent increase in the company work Enjoyment at MOHA will increase the organizational effectiveness by 36.1 percent and vice versa. Thus, from the results it can be conclude that all other vairables catagorized under environmental factor have effect on the organizational effectiveness.

## 4.2.2.2. Organizational factors

Model Summary

	1,10 401 8 41111141 3									
ı	Model	R	R Square Adjusted R		Std. Error of the					
				Square	Estimate					
ı	1	.607ª	.368	.357	.78458					

Predictors: (Constant), ORF5, ORF1, ORF2, ORF3, ORF4

ORF1-did organization leaders build a multi-cultural climate

ORF2-Is there feeling of trust among organizational members

ORF3-policies and procedures applied equally

ORF4-leadership style, unfair recognition and others is the main reason for

leaving Pepsi co?

ORF5-organization rules and regulations have a negative impact of job

satisfaction?

Source: SPSS result, 2019

**Table 12: Organizational factor model summery** 

The above regression table summarizes the model performance with relevant analysis. R represents the multiple correlation coefficients with a range that lies between -1 and +1. Since the R value is 0.607, it means organizational effectiveness has a positive relationship with the organization career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures. R square represents the coefficient of determination and ranges between 0 and 1. Since the R square value is 0.368, 36 % of the variation in organizational effectiveness is enhanced by the career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures.

**ANOVA**<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	99.324	5	19.865	32.271	.000 <sup>b</sup>
1	Residual	170.513	277	.616		
	Total	269.836	282			

a. Dependent Variable: organizational effectiveness

a. Predictors: (Constant), ORF5, ORF1, ORF2, ORF3, ORF4

Source: SPSS result, 2019

**Table 13: Organizational factor ANOVA** 

From the above ANOVA table it can be inferred that the value is significant (significant value is less than 0.05) it means that the dependent variable, organizational effectiveness, is more reliable.

Coefficients<sup>a</sup>

Mode	el	Unstandardized Coefficients		Standardized	t	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	2.539	.157		16.148	.000
	ORF1	.013	.046	.015	.279	.002
1	ORF2	.005	.043	.007	.122	.002
1	ORF3	.119	050	149	-2.358	.001
	ORF4	.243	.056	.359	4.323	.000
	ORF5	.235	.057	.358	4.097	.000

a. Dependent Variable: organizational effectiveness

Source: SPSS result, 2019

**Table 14: Organizational factor coefficients** 

The above regression model coefficient table reports the coefficients for the organization career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures that

helps to improving organizational effectiveness. The model coefficients are used in the construction of regression equation. A low significance value of less than 0.05 for the organization career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures are strongly impacting organizational effectiveness. The regression equation for the above data is: organizational effectiveness = 2.539 +0.013 (multi-cultural climate) + 0.005 (feeling of trust among organizational members) + 0.119 (application of policies and procedures) + 0.243 (recognition, policies and procedures) +0.235 (rules and regulations).

The results of regression regarding organizational factors (ORF1, ORF2, ORF3, ORF4, ORF5) show that there is a positive relationship and also statically significant effect on organizational effectiveness. The coefficient of organizational factor is (.013+.005+.119+.243+.235) which implies that on average a percent increase in the company environmental factor will increase the organizational effectiveness by 25.39 percent and vice versa. Thus, from the results it can be conclude that organizational factor has effect on the organizational effectiveness.

#### 4.2.2.3. Job Factors

Model Summary
---------------

	Wiodel Sullinary							
Model	R	R Square	Adjusted R	Std. Error of the				
			Square	Estimate				
1	.848ª	.720	.714	.52271				

Predictors: (Constant), JOF5, JOF3, JOF4, JOF1, JOF2

JOF1-Unfair payment

JOF2-Conflict with immediate supervisor or coworkers

JOF3-unfair performance appraisal

JOF4-Are you satisfied with your work satisfied

JOF5-Is there any growth opportunity

Source: SPSS result, 2019

## **Table 15: Job factor model summery**

The above regression table summarizes the model performance with relevant analysis. R represents the multiple correlation coefficients with a range that lies between -1 and +1. Since the R value is 0.848, it means organizational effectiveness has a positive relationship with the organization career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures. R square represents the coefficient of determination and ranges between 0 and 1. Since the R square value is 0.720, 72% of the variation in organizational effectiveness is enhanced by the organization career growth opportunities, reward, multi-cultural climate, recognition, policies and procedures.

**ANOVA**<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	194.154	5	38.831	142.121	.000b
1	Residual	75.683	277	.273		
	Total	269.836	282			

a. Dependent Variable: organizational effectiveness

b. Predictors: (Constant), JOF5, JOF3, JOF4, JOF1, JOF2

Source: SPSS result, 2019

**Table 16: Job factor ANOVA** 

From the above ANOVA table, it can be inferred that value is significant (significant value is less than 0.05) it means that the dependent variable, organizational effectiveness, is more reliable.

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	1.178	.101		11.686	.000
	JOF1	.065	.031	.097	2.086	.002
1	JOF2	.199	.192	.288	1.040	.003
1	JOF3	.329	.195	.467	1.690	.002
	JOF4	.114	.031	.163	3.626	.000
	JOF5	.409	.024	.615	17.403	.000

a. Dependent Variable: organizational effectiveness

Source: SPSS result, 2019

**Table 17: Job factor Coefficients** 

The above regression model coefficient table reports the coefficients for the job factors that helps to improving organizational effectiveness. The model coefficients are used in the construction of regression equation. A low significance value of less than 0.05 for the job factors is strongly impacting organizational effectiveness.

The regression equation for the above data is: organizational effectiveness = 1.178 + 0.065 (Unfair payment) + 0.199 (Conflict with immediate supervisor or coworkers) + 0.329 (unfair performance appraisal) + 0.114 (work satisfaction) + 0.409(growth opportunity).

The results of regression regarding organizational factors (JOF1, JOF2, JOF3, JOF4, JOF5) show that there is positive relationship and also statistically significant effect on organizational effectiveness. The coefficient of job factor is(.065+.199+.329+.114+.409), which implies that on average a percent increase in the company job factor will increase the organizational effectiveness by 11.78

percent and vice versa. Thus, from the results it can be conclude that organizational factor has effect on the organizational effectiveness.

**Model Summary** 

Model	R	R Square	Adjusted R	Std. Error of the
			Square	Estimate
1	.812ª	.659	.655	.57419

a. Predictors: (Constant), Job Factors, Environmental Factors,

Organizational Factors

Table 18 Model summary of

OF,JF,EF effect on

organizational effectiveness

Source: SPSS result, 2019

The above regression table

summarizes the model performance with relevant analysis. **R** represents the multiple correlation coefficients with a range that lies between -1 and +1. Since the R value is 0.812, it means that organizational effectiveness has a positive relationship with job factor, environmental factor and organizational factor. **R** square represents the coefficient of determination and ranges between 0 and 1. Since the R square value is 0.659, 65 % of the variation, organizational effectiveness is enhanced by the job factor, environmental factor and organizational factor.

**ANOVA**<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	177.853	3	59.284	179.818	.000 <sup>b</sup>
Residual	91.984	279	.330		
Total	269.836	282			

a. Dependent Variable: organizational effectiveness

Source: SPSS result, 2019

#### Table 19:ANOVA of OF, JF, EF effect on organizational effectiveness

From the above ANOVA table, it can be inferred that value is significant (significant value is less than 0.05) it means that the dependent variable, organizational effectiveness, is more reliable.

a. Predictors: (Constant), Job Factors, Environmental Factors, Organizational Factors

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	1.916	.110		17.430	.000
1	Environmental Factors	.285	.123	.200	2.317	.001
1	Organizational Factors	.551	.085	.562	6.476	.000
	Job Factors	1.206	.069	1.408	17.526	.000

<sup>✓</sup> Dependent Variable: organizational effectiveness

Source: SPSS result, 2019

Table 20: Coefficients of ORF, JOF, EV (environmental factors, organizational factors, job factors) effect on organizational effectiveness

The above table indicates 5% level of significance, because their P value is less than 0.05. environmental cofficients factor is. 28.5, which implies that on average apercent improvement in environmental factor will increase the organizational effectiveness by 28.5 percent and vice versa; additionally, a percent iimprovement in organizational factor will increase the organizational effectiveness by 55.1 percent and vice versa, and job cofficients factor is. 20.6 which implies that on average apercent increases in job factor will increase the organizational effectiveness by 20.6 percent and vice versa. Thus from the results it can be conclude that improvement in work environmental, improvement inorganizational culture and improvement in job related sectors has a significant effect on organizational effectivenesss

## 4.3. Trends of employee turnover2013-2018

Trendsof employee turnover over the past 5 years at MOHA, Nefas Silk Branch

	MOHA COMEDDINIZE INDI MIDI MEDIZ CO								
		1	<i>m m</i>						
		2	Reaso	on					
S/N	Budget Year	Resignation	Discipline	Death	Pension	In Efficien cy	Total		
1	2017 <i>2</i> 018	18	0	3	24	1	46		
2	2016 <i>2</i> 017	8	6	5	18	1	38		
3	2015 <i>2</i> 016	21	7	7	12	0	47		
4	2014/2015	21	14	1	12	0	48		
.5	2013/2014	18	10	1	11	0	40		
	Total	86	37	17	77	2	219		

Table 21: Employee turnover trend 2013-2018 (Source; MOHA, Nefas Silk Branch, 2019)

As can be seen from the table above, all in all, the employee turnover trends of the past five years are more or less the same. For example, the average turnover of employee per year is around 44. But from this, an average of 19 individuals leaves the company due to natural factors such as death and pension. Therefore, we can see that only 25 individuals leave the company because of discipline and resignation. This in other word means, from a total of 1041 employees, only 25 employees leave the company annually. Thus, we can conclude that the employee turnover rate per year of MOHA, Nefas Silk Branch is only 2.4%.

## 4.4. Employees retention strategies

It is common to see organizations find it very hard to retain key employees. Almost all companies have become increasingly dependent on their top talented employees to become successful. The story is no different in the case of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch. The research finding reveals that top managements of MOHA Soft Drinks Industry,

Nifas silk Pepsi Cola branch have given due attention to retain employees by designing different strategies.

The following are the strategies deployed by the company to retain employees.

#### 4.4.1. Annual salary increments and bonus

As a retention strategy,MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch gives annually salary increment for the employees ranging from 14% - 20% of their salary. According to the survey result, the salary increment is based on annual sales return of the company. Meanwhile, the company has registered continuous increase in sales return, as a result, the annual salary increment of the company in the past 4 years are 18.5%. Beside the annual salary increment, the company has additional attractive bonus which is ejected annually.

From an interview made, with both top management and employees of the company, annually, all employees will get a minimum of 2 months and a maximum of 3 moth salary by the end of every fiscal year.

## 4.4.2. Training, professional development and career planning.

Top management of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch believes that even though competitive compensation for employee retention is crucial, there is also a growing consensus that competitive, or even generous compensation will not single-handedly guarantee that a company will be able to keep its most valuable employees.

In addition, the top management point out that training and development are so enthusiastically embraced as key factors to good retention. This is due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of soft drinks industry.

In any event, retention reflects a desire to keep one's valued people; but it is just as much about keeping and managing the skills that a company needs to meet its goals. The provision of training is a way of developing those skills in the first place. Therefore, it has multi-dimensional benefit for both the company and the employees.

Because training and professional development are so fundamental to the operation of an organization, it goes against intuition to suggest that training and development are to be thought of primarily as "retention" tools. On this regard, both employees and management testify that there is a decent training package available.

#### 4.4.3. Subsidized meals and drinks

MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch has arranged a subsidized meals and drinks package inside the compound of the factory. To the extent that one meal for lunch on a subsidy base [like keyi wet] will cost only 7-birr, Coffee and tea costs 1 birr and 50 cents only. Even though this is additional cost for the company, the additional comfort that the employees get plays important role in keeping employee retention at a very low rate.

Form the survey result, the researcher found that employees, after finishing their job, before going to their respective home, most of them tend to eat their dinner before leaving the compound of the company.

#### 4.4.4. Decent pay scale and promotion

In general, the key purpose behind performance-based promotion is twofold. It is (i) a means of modifying individuals' behavior within an establishment in order to better align their activity with particular business objectives, and (ii) a way of influencing the development of particular types of organizational culture e.g., team based pay can lead to a stronger team-based culture,

skill-based pay, or Retention-based compensation can contribute to a culture of stability and mutual commitment.

The interview result revels that the management of MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch believes that the major advantage of a decent performance-based pay system is that it can promote a culture of flexibility. Individuals can perform multiple tasks, including filling jobs in the wake of turnover. For the side of employee, decent pay scale and promotion are always most welcome and are of course one important reasons for the company to keep its high employee retention rate.

## 4.4.5. Free medical treatment and free (Pool)transport service

One important package employee looks into is free medical treatment package. In this regard, MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branch has an arrangement that all employees can get free medical treatment coverage up to 500,000 birr and in case of high officials; it can exceed even up to 1 million birr.

Moreover, the free transport service which is available for all employees gives additional motivation for employees to stay working at MOHA. The transport package is available both in early morning, evening and night shift.

#### 4.4.6. Recruitment, orientation and staff compliant desk

MOHA Soft Drinks Industry, Nifas silk Pepsi Cola branc has an orientation program when a new wmployee join the company. The orientation program is more or less based on facts that actually existed which of course has crucial importance in shapping the new employee expectation and to keep the work environment friendly and hommy. Failure to effectively recruit and orient employees, besides affecting the smooth working environment, may impose significant

replacement costs. The contribution of the staff compliant desk is far from being ignored. The desk is committed to solve the problems that are reported by employees and keep the decent working environment.

## 4.4.7. Team spirit buildup program and strong workers union

Every end of fiscal year, MOHA has a culture of evaluating its performance by arranging a retreat program. All employees will travel to places outside Addis Ababa like Nazret and Debrezeyit. In due process, the top management will organize a team spirit buildup entertainment program which of course adds positive energy among employees.

The existence of strong workers union brings extra confidence among employees. Whenever there arise benefit and compliant related issues between employees and the company, the worker's union bargain representing the employees. In this regard, employees have already built a strong trust on the labor union which indeed has a strong bargaining power.

All the above-mentioned strategies design by the company brings extremely down the employee's turnover rate which can be seen below.

Moha soft drinks industry S.C

#### **NEFAS SILK PLANT**

Employee's retention rate

S/N	Budget Year	Avoidable	Average number	Retention
		turnover rate	Of permanent	percentage
			employees	(%)
1	2017/18	19	730	97.4
2	2016/17	15	730	98

3	2015/16	28	730	96
4	2014/15	35	730	95
5	2013/14	28	730	96

Table 22: Employee's retention rate from 2013-2018 (Source; MOHA, Nefas Silk Branch, 2019)

## Chapter5

#### Conclusions and Recommendations

Based on the analysis and interpretation done in the previous chapter, conclusions and recommendations for the study are presented as follows.

#### 5.1. Conclusions

The demographic composition of the respondents shows that 71% of the employees are between the ages of 18-45 with 80% male gender composition. From this result, we can see that more or less the employee age status is occupied by young and active labour forces which are believed to have the physical and social tenancy to working harder. With regards to their academic qualification, 88% of the employees have diploma and above, which shows that the labour force is quite literate. Thus, the working force is highly receptive of new ideas and training to boost production and hence efficiency. Moreover, 69% of the employees serve in the company for

more than 11 years which shows that the turnover rate is quite low and the organizational culture is matured enough to keep the employees working for more years to come.

The researcher concludes that, top management of MOHA Soft Drinks Industry, Nifas Silk Pepsi Cola branch has given due attention to retain employees by designing different strategies from time to time that keeps hold of its gallant and senior working forces. If we see the pay scale of the company, 92% of the employees get a salary above 4,000 Birr per month which in the living standard of many Ethiopians is a good one. Additionally, to keep employee retaintion rate high, the company uses other strategies such as annual salary increment and bonus, subsidized meals and drinks, setting up of a recruitment, orientation and staff compliant desk, decent pay scale and promotion and others. Thus we can conclude that these strategies tend to favor the company in bringing the employee's turnover rate extremely down while keeping and curtailing the moral of the working forces in a better shape.

By the same token, when we see the trends of employee turnover over the past 5 years, it is more or less the same which will entails a better working environment. On average, from a total of 1041 employees, only 25 employees leave the company annually which implies that, employee turnover rate per year of MOHA, Nefas Silk Branch is only 2.4%. From this, we can conclude that the company is doing quite well in retaining employees.

#### 5.2. Recommendations

Having the above empherical findings, the resercher drows the following recommendations:-

- The management should keep up the good work which is done in the areas of employment retention.
- To maintain a low profile of employee turnover, if we comapre organizational factors, environmental factors and job factors, the company should focus on organizational factors.
- Top management should appreciate employee input in the organization, and involve employees in any issues that may affect the organization.
- Top management should identify employees who are dissatisfied and listen thoroughly to their causes of dissatisfaction.
- Top management should create additional opportunities for carrier advancement in the organization since creation of such opportunities may help staffs to become more competent and enjoy their work even better.
- Even though competitive compensation for employee retention is crucial, there is also a growing consensus that competitive or even generous compensation will not single-handedly guarantee the company's effectiveness. Rather, there are different factors that should be taken in to consideration such as research and innovation, advertisement, packaging, design proper competition strategy, value chain etc...which the management should pursue to get ends meet!

#### References

Abdali, F. (2011). 'Impact of Employee Turnover on Sustainable Growth of Organization In computer Graphics Sector Of Karachi, Pakistan'. SSRN Journal

Aksu, A. A. (2004). Turnover Cost: Research among five-star hotels Antalya

AlamdarHussain et al, 2014, Impact of job satisfaction on employee turnover, An empirical study of Autonomous Medical Institutions of Pakistan, page 122

American Journal of Mechanical Engineering, 2013, Vol. 1, No. 7,256

Anthony G.B. & Stella A.O (2012), "Psychological factors as Predictors of Turnover Intention among Employees of Post- consolidation Banks in Nigeria" European Scientific Journal, Vol. 8, No. 20

Asegid. N. (2007) Turnover Intention and its impact on organizational efficiency, the case of Wegagen Bank WolaittaSodo Branch. Wolaita Sodo: Wolaitta Sodo University.

Barbara, J.K. (2002). Insights into employee motivation, commitment and retention. Denver.Ph.D Research/ White Paper.

Brough. P. & Frame, R. (2004). 'Predicting police job satisfaction or well-being and turnover intentions: the role of social support and policy: organizational variables', New Zealand Journal off Psychology, 8-18

Buchan, J.P. (2005). The changing distribution of job satisfaction and customer retention. Journal of Human Resources, 115–133

Cohen, Manion, Morrison & Morrison, (2007) .Exploring the nature of research questions in mixed methods research [Editorial].Journal of Mixed Methods Research, 1(3), 207–211.

Dalton, D.R., Todor, W.D. &Krackhardt, D.M. (1982). Turnover Overstated: The Functional Taxonomy. Academy of Management Review, 7, 117-123.

David, G. (2008). Retaining Talent: A guide to Analyzing and Managing Employee Turnover, SHRM Foundation's effective Practice Guidelines Series. USA 2008 P. 2

Deery, M., 2008. 'Talent Management, Work-Life Balance and Retention Strategies'. International Journal of Contemporary Hospitality Management, 2(7), pp.792-806

Ekinci, A. & Riley, F. (2000). Fundamental of management: Essentials concepts and applications. 4th Edition. New Jersey: Pearson Prentice Hall. Entwistle (1987) Elywood, J. (1999). Models for production and operation design, Intention To Quit? Journal of Managerial Psychology, Vol.19 No.2 pp.170-187

Garden, A.M. (2003). "Correlates of turnover propensity of software professionals in small high tech companies", R&D Manage. 19 (4):325-34.

Gardner, D.G. (2009). Employee Focus of Attention and Reaction to Organizational Change. The Journal of Applied Behavioral Science, 23(3), 11-288.

Hagere Tsegaye,2017, The effects composition practice on professional employees' turnover intention, page 18

Hussain .TandS. Asif(2012) Turnover Intention Driven by Organizational Commitment and Is Employees' Perceived Organizational Support? Journal of Quality and Technology Management, Vol. III, Issue II, December 2012, Page1-10

JernejBuzeti, (2016), Evaluation of measures to reduce employee turnover, Page 122

Kothari, P. (2004). Using mixed-methods research to adapt and evaluate a family strengthening intervention in Rwanda. African Journal of Traumatic Stress, 2(1), 32–45.

Lee, T. W. & Mitchell, T. R. (1996). An alternative approach: The unfolding model of voluntary employee turnover. The Academy of Management Review, 19, p51-89.

Lensa Kuma Tirfe, 2007 Staff Turnover in Humanitarian organizations, Page6

Loquercio, D. (2006). Understanding and Addressing Staffs Turnover in Humanitarian Agencies

Maryam Farid, 2004, an assessment of the impact of employee turnover on organizational performance, Page 7

Mathis, R. L., & Jackson, J. H. (1994). Human Resource Management 7th ed. USA: west Publishing Corporation.

MOHA Union Agreement, 2017

MOHAsoft drink handbook,2004

Mullins, J.L. (2005). Management and OrganisationalBehaviour.4th Edition. London: Pitman Publishing.

Mustapha N. and Zakaria C. (2013) The Effect of Promotion Opportunity in Influencing Job Satisfaction among Academics in Higher Public Institutions in Malaysia, International Journal of Academic Research in Business and Social Sciences.

Rizwan Qaiser,2011, Impact of reward & recognition on job satisfaction and motivation, page 160

Robbins, S.P. &Decenzo, D.A. (2001). Fundamentals of Management.3rdEdition. New Jersey: Prentice-Hall.

Robert L Mathis et al, Changing Nature of Human Resource Management, page 92

Samuel E.M. & C.O. Ikemefuna (2012), "Job Satisfaction and Employees' Turnover Intentions in Total Nigeria Plc. In Lagos State", International Journal of Humanities and Social Sciences, Vol. 2 No. 14

Samuel O. and Chipunza, C. (2009) Employee retention and turnover: Using motivational variables as a panacea. African Journal of Business Management, 3 (8), pp. 410-415.

Saunders, J., Lewis.A, & Thornhill, K.B. (2009). Quantitative versus qualitative research: An attempt to clarify the issue. Educational Researcher, 6–13.

Saunders, M. N. K., Lewis, P., Thornhill, A., & Thorn., A. (2009). Research methods for business students (5th ed.). New York: Financial Times Prentice Hall.

Swanepoel, B., Erusmus, B., Van Wyk, M. and Schenk, H. (2003). Human Resource Management: Theory and Practice. 2nd Edition. Cape Town: Juta.

Tarique, N., Ramzan, M. and Riaz, A. (2013) The impact of employee turnover on the efficiency of the organization, Interdisciplinary journal of contemporary research, 4(9).

Ton, Z. and Huckman, R. S. (2008) "Managing the impact of employee turnover on performance: The role of process conformance", Organization Science, 19(1), pp. 56–68.

Tor, W., Guinmaraes, J.E. Owen, S.T. (2000). "Assessing employee turnover intentions before and after TQM" International J. Qual. Reliability manage. 14 (1): 46-63.

Tyani, B.I.N. (2001). Absenteeism: A nursing service problem in the Republic of Transkei. Pretoria: UNISA Press.

Wells, M. &Thelen, L. (2002). What does your workplace say about you? The Influence of personality status and workplace on personalization. Journal of Environmental and Behaviour Sciences, 34(3), 300-321.

YaredDebebe, 2000, Staff Turnover in International Non-Governmental Organizations (NGOs): page 3

Zeeshan Ahmed et 1,2016 Impact of employee turnover on organizational effectiveness, page 131

Ziel, C.B. &Antointette, C.T. (2003). Psychology in the Work Context.2ndEdition. Cape Town: Oxford University Press

## **ANNEX**

A] Environmental Factors

EV1- Work Enjoyment at MOHA

EV2-Work Preference another industry than here

EV3-Hard to find another Job

EV4-Accept any job to keep working at MOHA

EV5-Consideration of leaving MOHA

B] Organizational Factors

ORF1-did organization leaders build a multi-cultural climate

ORF2-Is there feeling of trust among organizational members

ORF3-policies and procedures applied equally

ORF4-leadership style, unfair recognition and others is the main reason for leaving Pepsi co?

ORF5-organization rules and regulations have a negative impact of job satisfaction?

C]Job Factors

JOF1-Unfair payment

JOF2-Conflict with immediate supervisor or coworkers

JOF3-unfair performance appraisal

JOF4-Are you satisfied with your work satisfied

JOF5-Is there any growth opportunity

# ST. MARRY UNIVERSITY DEPARTMENT OF MASTERS OF BUSINESS ADMINISTRATION

#### Dear Respondent

This is a questionnaire intending to collect data on all employees under a topic: THE IMPLICATIONS OF STAFF TURNOVER ON ORGANIZATIONAL EFFECTIVENESS: THE CASE OF MOHA SOFT DRINKS INDUSTRY, NEFAS SILK PEPESI COLA BRANCH.

Your genuine response is highly required as it is solely used for academic purpose and will be strictly confidential. Therefore, your kind cooperation is appreciated in advance.

This questionnaire is expected to be answered by respondents, those who are at the managerial level and those who are at non-managerial level.

#### Questionnaire to respondents

- 1. Please tick one of the correct answers
- 2. Please kindly answer all questions.

1. Age

A-18-25 B- 26-35 C- 36-45 D-46-55 E-56and above

2. Gender

A- Male B-Female

#### 3. Educational Level

A- High school drop B- 12 Complete C-Diploma D- First Degree

E- Masters Degree F- PHD

#### 4- Martial Status

A- Single B- Married C-Separated D- Widowed

## 5. Length of service

A- Below 3 Years B- 3-5 Years C- 5-10 Years D- 10-15 Years E- 15 years and above

SECTION B Please tick the correct answer

Note SA; strongly agree, A agree, N neither agree nor disagree, D Disagree, SD Strongly Disagree

## 1-Please indicate your response regarding factors of employee turnover

## **A] Environmental Factors**

No	Environmental Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Remarks
Q1	Do you enjoy working in						
	the working area of MOHA						
Q2	Do you prefer working in						

	another industry than here			
Q3	Employees stay in their			
	jobs at MOHA because it is			
	hard to find another job			
Q4	Do you accept any type of			
	job assignment in order to			
	keep working for MOHA			
Q5	Do you consider Leaving			
	your job			

## **B]** Organizational Factors

No	Organizational Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagre e	Strongly Disagree	Remarks
Q1	Do you think the organization						
	leaders build a multi-cultural						
	climate that welcomes and						
	accommodate people of						
	different background, race,						
	gender?						
Q2	Do you think there is a						
	feeling of trust among						
	organizational members?						
Q3	Do you think policies and						
	procedures within the						
	company are applied equally						

	to all employees?			
Q4	Do you think the			
	organizational culture like,			
	leadership style, unfair			
	recognition and others is the			
	main reason for leaving			
	MOHA			
Q5	Do you think the organization			
	rules and regulations has a			
	negative impact of job			
	satisfaction?			

## C] Job Factors

No	Job Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Remarks
Q1	Are you satisfied with your work						
Q2	Do you think your job allows you growth opportunity						
Q3	Does Unfair pay affect turnover decision in your organization						
Q4	Does Conflict with immediate supervisor or coworkers have a direct effect on the turnover decisions in your organization?						
Q5	Does unfair performance						

appraisal process have			
great effect on Employee			
turnover?			

2-Please indicate your response regarding the impact of employee turnover on organizational effectiveness in Pepsi Co (for managers and supervisors)

No	Job Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Remarks
Q1	Do you think high staff						
	turnover causes too much						
	wastage of resources when						
	new staff settles in.						
Q2	Do you think work						
	productivity is affected by						
	high staff turnover						
Q3	Do you think high staff						
	turnover causes reduction in						
	the quality of product						
	produced.						
Q4	Do you believe that high						
	staff turnover cause						
	employee not to meet their						
	deadlines?						

Q5	Do you think staff turnover			
	causes a decline and			
	disrupts services provision?			
Q6	Do you think staff turnover			
	resulted in loss of			
	customers of the			
	organization			

3-Please specify the strategies/ program that are available in your organization that can be used to reduce staff turnover. (for managers and supervisors)

# ST. MARRY UNIVERSITY DEPARTMENT OF MASTERS OF BUSINESS ADMINISTRATION

#### Unstandard qustioneries

This is unstandard interview questioneries to collect data on employees under a topic: THE IMPLICATIONS OF STAFF TURNOVER ON ORGANIZATIONAL EFFECTIVENESS: THE CASE OF MOHA SOFT DRINKS INDUSTRY, NEFAS SILK PEPESI COLA BRANCH.

- 1-Are you satsfied working at MOHA, Nefas silk branch?
- 2-How do you find working at MOHA, Nefas silk branch?
- 3-How do you find the managment of MOHA, Nefas silk Branch?
- 4-Does staff turnover reduced the efficeincy of the organization?
- 5-Does staff turnover affected the competiveness of the organization?