



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

**ASSESSMENT OF EMPLOYEE RETENTION PRACTICE AND
CHALLENGES OF LOCAL NON-GOVERNMENTAL
ORGANIZATIONS: -THE CASE OF SELECTED LOCAL
ORGANIZATIONS IN ADDIS ABABA**

**BY:
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**May 2020
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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DECLARATION

I, the undersigned declare that this thesis (*ASSESSMENT OF EMPLOYEE RETENTION PRACTICE AND CHALLENGES OF LOCAL NON-GOVERNMENTAL ORGANIZATIONS: -THE CASE OF SELECTED LOCAL ORGANIZATION IN ADDIS ABABA*) is my original work. It has not been submitted for a degree in any other universities and all the materials used in this study have been duly acknowledged.

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ENDORSEMENT

As thesis research advisor, I hereby certify that I have read and evaluated this thesis prepared, under my guidance, by Aynalem Abebe Entitled "***ASSESSMENT OF EMPLOYEE RETENTION PRACTICE AND CHALLENGES OF LOCAL NON-GOVERNMENTAL ORGANIZATIONS: -THE CASE OF SELECTED LOCAL ORGANIZATIONS IN ADDIS ABABA***". I hereby recommend it to be submitted as fulfilling the thesis requirements.

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TABLE OF CONTENTS

TABLE OF CONTENTS.....	i
ACKNOWLEDGMENTS	v
LIST OF ABBREVIATION/ACRONYMS	vi
LIST OF TABLES.....	vii
LIST OF FIGURES	viii
ABSTRACT.....	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1. Background of the Study.....	1
1.2. Statement of the Research Problem	4
1.3. Research Questions	8
1.4. Objectives of the Study	8
1.4.1. General Objective	8
1.4.2. Specific Objectives	8
1.5. Scope of the Study	8
1.6. Limitations of the Study.....	9
1.7. The significance of the Study.....	9
1.8. Definitions of terms	10
1.9. Organization of the Study	11
CHAPTER TWO	12
REVIEW OF RELATED LITERATURE	12
2. Introduction.....	12
2.1. Conceptual Definitions	12
2.1.1. Employee Retention.....	12

2.1.2.	Employee Turnover.....	13
2.1.3.	The Significance of Employee Retention	13
2.1.4.	Retention Strategy and Strategies to Retain Employees	15
2.1.4.1.	Competitive and Fair Compensation.....	16
2.1.4.2.	Recognition and Rewards	17
2.1.4.3.	Training, Professional Development, and Career Planning	17
2.1.4.4.	Orientation	18
2.1.4.5.	Conducive Working Environment	18
2.1.5.	Factors Affecting Employee Retention.....	18
2.2.	Theoretical Literature Review	19
2.2.1.	Maslow’s Theory	20
2.2.2.	Herzberg’s Theory	21
2.2.3.	Baby Boomers and the Y generation theory on Staff retention	22
2.2.3.1.	Factors of Employee Motivation.....	24
2.3.	Empirical Literature Review	26
2.3.1.	Empirical literature review Worldwide.....	26
2.3.2.	Empirical literature review in Africa	28
2.3.3.	Empirical literature review in Ethiopia	29
2.4.	Study Gaps	36
CHAPTER THREE		37
RESEARCH DESIGN AND METHODOLOGY		37
3.1.	Research Approach	37
3.2.	Research Design.....	37
3.3.	Sampling Technique, Sample Size and Target Population	38
3.3.1.	Sampling Technique	38

3.3.2 Sample Size.....	38
3.3.3 Target Population.....	39
3.4. Data Source and Data Collection Instruments	39
3.5. Data Collecting Procedures.....	40
3.6. Data Analysis Technique	40
3.7. Validity and Reliability of Data Gathering	40
3.8. Ethical Consideration.....	41
CHAPTER FOUR.....	43
DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDING	43
4.0 Introduction.....	43
4.1. Response Rate.....	43
4.2. Demographic Information.....	43
4.2.1. Classification of Respondent by sex	44
4.2.2. Respondent Age Classification	45
4.2.3. Respondent by their Marital Status.....	45
4.2.4. Respondents by Educational Background.....	45
4.2.5. Respondents by their work experience	46
4.3 Status of Employee’ Retention Practices in Local Organizations.....	46
4.3.1 The Role of Employees in Their Organizations.....	46
4.3.2 The Level of Employee Performance	47
4.3.3 Employees Evaluation on the Importance of their Work.....	48
4.4 Factors Affecting Employees Retention and their Impacts in Local NGOs	49
4.4.1 The Managerial Activities.....	49
4.4.1.1 Facilitation of Basic Work Requirements	50
4.4.1.2 Access to Basic Requirement.....	50
4.4.2. The Level of Employee Motivation	51

4.4.2.1 The Extent of Motivation at Work Place	51
4.4.2.2 Employees Turnover Intention.....	52
4.4.2.3 Organizational Support to Employees	53
4.4.2.4 Employees Working Environment.....	54
4.4.2.5 Rewarding Employees in the Local NGOs	55
4.4.2.6 Training as a Retention Mechanism of Employees.....	56
4.4.2.7 Salary of Employees in the Local NGOs	57
4.4.2.8 Employees Motivation in Local NGOs.....	58
4.5. Challenges of Retaining Employees in an Organization.....	59
4.5.1 The Extent Local NGOs lost their Employees	59
4.6 Strategies for Retaining Employees	60
4.6.1 The Relative Importance of Employees Retaliation Strategies.....	61
CHAPTER FIVE	63
SUMMARY, CONCLUSION AND RECOMMENDATIONS	63
5.0 Introduction.....	63
5.1 Summary of Key Findings	63
5.2 Conclusion	65
5.3 Recommendations.....	66
REFERENCES	67
Appendix-1	74
Appendix-2	77

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LIST OF ABBREVIATION/ACRONYMS

CCRDA -	Consortium of Cristian Relief and Development Association
CSOs -	Civil Society Organizations
ECB -	Emergency Capacity Building
FAO -	Food and Agriculture Organization
HR -	Human Resource
INGOs -	International Non- Governmental Organizations
IT -	Information Technology
NARS -	National Agricultural Research System
NeCSOO -	Network of Civil Society Organizations in Oromia
NGO -	Non-Governmental Organization
PS -	Professional Science
RII -	Relative Importance Index
SADC -	South Africa Development Community
SPSS -	Statistical Package for Social Sciences
SSA -	Sub – Saharan Africa
UNHCR -	United Nations High Commissioner for Refugees
USA -	United States of America

LIST OF TABLES

Table 3.1: Reliability Statistics	41
Table 4.1: Demographic characteristics of respondents.....	44
Table 4.2: Employees' Role in Organizations	47
Table 4.3: The relative importance index (RII) and rank of Employees Retention strategies	62

LIST OF FIGURES

Figure 4.2: Level of employee performance.....	49
Figure 4.3: Facilitation of basic work requirements	50
Figure 4.4: Access to Basic Requirement	51
Figure 4.5: Extent of Employees Motivation.....	52
Figure 4.6: Employees’ Turnover Intention.....	53
Figure 4.7: Types of Support to employees	54
Figure 4.8 The Working Environment.....	55
Figure 4.9: Rewarding Employees in the Local NGOs	56
Figure 4.10: Training as a Retention Mechanism.....	57
Figure 4.11: Salary in Local NGOs	58
Figure 4. 12: Extent of Employees Motivation.....	59
Figure 4.13: Extent of Employees Turnover.....	60

ABSTRACT

The study focused on factors influencing staff retention in Local organizations (NGOs) in selected Ethiopian NGOs using some selected civil society consortium members in Addis Ababa as cases of study. The general objective of this research was to assess and explore the phenomenon of employee retention and the retention strategy of local civil society organizations to achieve a workforce with the capability and capacity to fulfill the mission of the organization. The specific objectives of the study were to assess the status of employee retention practices in local organizations, to identify the practices and impact of employee' retention in local NGOs and to examine challenges of retaining employees in local NGOs. The study used primary data collected through interview and structured questionnaire. The sample consisted of 84 respondents from 20 local organizations including employees, Organizational Human resource officers and Administrators. The collected data were analyzed using SPSS version 20. The data was presented in frequencies and percentages in Tables and figures, mainly pie chart and bar graph for interpretation of the findings. The research finding indicates that the local NGOs have tried to retain the staff using different retention mechanisms such as motivational and attractive working environment mechanisms. It can be concluded that local NGOs have got positive practices and processes that motivate employees to stay working with these organizations although they are challenged by the better working environment and attractive payments in the international NGOs in the country. It is recommended that, local NGOs should strive more to adopt for the market-style mechanisms like performance-related pay into the employee management of their organizations as this helps employees get motivated at the workplace like in any other business oriented private organizations and international NGOs. Moreover, local NGOs need to improve the three most important retention strategies which are identified more relevant for the employees i.e. improving the present of supportive means from management system, creating more attractive working environment and upgrading the availability of social services.

Key words: Employee retention, Human Resource, Motivation, Incentives and Local NGOs

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Non-government or Non-profit organizations are one type of the institutions that provide employment opportunities in addition to the private sectors and government institutions in Ethiopia. According to the new CSO Proclamation 1113/2019, Non-government or Non-profit organizations are organizations with funds and programs managed by its own trustees or directors, established to maintain or aid social, economic, charitable, or other activities serving the common welfare including Local Organizations, Foreign Organization, Foundations, Trustee etc. Local Organizations vis a vis Civil Society Organizations (CSOs) participation in the development activity of the country was back to the early twentieth century. The performance of the CSO sector has a great contribution to poverty reduction, food security and growth through its potential for strong pro-poor government growth and transformation plan. However, the sector has low institutional capacity to retain employees especially the experienced and more qualified employees (John, Nahom, Rahel, Remco, Sintayehu and Stijn, 2015), which in turn affects CSOs organizational goal achievement.

One of the major factors that determine the success of local organization is the availability and commitment of efficient and effective human resources. For that matter, any organization to achieve its objectives needs to have staffs that are competent enough to execute their responsibilities in a professional manner and dedicated to the organizational objectives. Therefore, human resource management is one of the crucial functions that should be carried out in a systematic way so as to maintain well performing employees within the organization (Yared D. 2007).

Recently the level of turnover in Ethiopian government as well as non-government organization increase at an alarming rate. Most organizations are facing a frequent turnover of staff, and as such the high turnover is costing them in terms of productivity, money, and time (Yared D. 2007). Thus, organizations should have effective human resource management

system that is well formulated and implemented to ensure that they hire and maintain employees which contribute to the successful accomplishment of organizational objectives.

Any organization whether it is profit making or not desires to retain its efficient and productive staffs to the maximum possible period. However, employees leave the organization due to internal and external factors that might be avoidable or not. Staffs turnover is a warning sign of low morale and it is the amount of movement in and out of employees in an organization. In general employees leave their jobs either voluntarily by their own decision or forced to leave by the decision of the employer. As the result of excessive turnover, organizations incur additional costs and holdup their performance. When humanitarian organizations face high staff turnover, they will be behind the schedule in utilizing budget and unable to implement quality programs for their beneficiaries. Therefore, their relationship with donors, regulatory bodies and beneficiaries becomes questioned and existing staffs will be stressed due to the additional responsibilities to cover the vacant posts (MOE, 2002). Accordingly among the other things retention of potential employees is the main problem of local CSOs due to high turnover as a result of working in the remote area, too much work load beyond normal working hours, inefficient leadership and non-participatory management styles and Interest for personal improvement like better compensation, education, etc (Yared D. 2007).

According to Loquercio, et al (2006) most of the employees leave an organization out of frustration and constant friction with their superiors or other team members. In some cases, low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are important for the system and are known to be effective contributors. It is the responsibility of the line managers as well as the management to ensure that the employees are satisfied with their roles and responsibilities and the job is offering them a new challenge and learning every day. A low level of employee turnover is acceptable in any organization, in that it offsets potential stagnancy, eliminates low performers, and encourages innovation with the entry of new blood. However, high levels of employee turnover leading to low performance and ineffectiveness in

organizations, and result in a huge number of costs and negative outcomes (Smrutihara, B., 2013).

As stated by Amy (2016), employee turnover is an element of change that directly affects organizational bottom line. As such, it is important to identify the motives of departing workers and devise an effective retention strategy. Retaining a positive and motivated staff is vital to an organization's success because high employee turnover is like a flood that takes away the knowledge, skills, experiences, and abilities that could have been the source of competitive advantage for the organization. When an employee leaves her/his job, the employing organization loses not only the employee, but its customers and clients who were loyal to the employee, the employee's knowledge of production, current projects handled by the employee, and institutional knowledge of the organization. Compromising employee retention, increases expenses, and have a negative effect on the employing organization and employee morale.

Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period. According to McKeown (2002) there was no precise definition of employee retention because people's perception of retention varies. But McKeown (2002:2) found that some managers explained employee retention as "reducing the employee turnover rate to an acceptable level, whilst others think retention is about compensation and benefits. Moreover, some think of it as a component of culture, that is, how people are treated within the organization." Maintaining the best employee is a significant business issue and challenge for organizational leaders across various professions and industries. Researchers (Flickinger, Allscher, Fiedler, 2016; Peltokorpi, Allen, & Froese, 2014; Spell, Eby, & Vandenberg, 2014;) have analyzed how particular factors such as organizational leadership, compensation, job characteristics, and organizational culture can affect employee retention rates. High employee turnover correlates with adverse performance, low morale, and loss of knowledge for groups, work units, and organizational operations overall (Hausknecht & Holwerda, 2013).

Similarly, organizations cannot thrive without the commitment of employees to achieve an organizational mission and vision. Therefore, local organizational leaders cannot neglect the importance of implementing effective retention strategies. The cost of hiring and training new employees is more expensive than retaining employees (Kim, 2014). The leaders of nonprofit organizations with limited budget resources face a significant task of juggling the financial sustainability of their organization and mitigating the consequences of employee turnover (Selden & Sowa, 2015). Hence, local organization leaders must develop effective retention strategies to meet the complex challenges and appeal to different employees with various needs. On the bases of the above condition and forgoing discussion, to have an investigation on this potentially important practice is important.

Thus, this research is meant to map out the current situation of employee retention practices in Ethiopian local organizations with a focus on members CSOs of two Consortiums i.e. Consortium of Cristian Relief and Development Association and Network of Civil Society Organizations in Oromia.

1.2. Statement of the Research Problem

The Ethiopia government has recognized the role of retaining employees by enacting employee and labour relations laws, policies and procedures which address number of issues including financial and non-financial incentives as motivational strategies to keep employee movement from public organizations. Similarly, the long-term success and survival of any non-profitable organization (both governmental and non-governmental) depend on the work and retention of a committed workforce (Das & Baruah, 2013). Lack of employee retention strategies is a significant problem that nonprofit organization leaders must overcome (Word & Park, 2015). Synonymously, high levels of employee turnover pose a threat to productivity and organizational leaders' efforts to fulfill the organization's mission.

Employee retention is a significant business issue and challenge for organizational leaders across various professions and industries. Researchers (Flickinger, Allscher, Fiedler, 2016; Peltokorpi, Allen, & Froese, 2014; Spell, Eby, & Vandenberg, 2014;) have analyzed how

particular factors such as organizational leadership, compensation, job characteristics, and organizational culture can affect employee retention rates. High turnover (either voluntary or involuntary) correlates with adverse performance, low morale, and loss of knowledge for groups, work units, and organizational operations overall (Hausknecht & Holwerda, 2013).

Many studies have been conducted on employee retention in the public and private sector, for instance, Pessaran and Tavakoli (2011) conducted research on identifying the employees' motivation and the study used salary, security, working condition, status, achievement, recognition, growth, and advancement, work itself and responsibility as motivational factors. Michael S. (2008) also conducted a study on using motivational strategy as a panacea for employee retention and turnover in both public and private sector organizations in South Africa and the researchers used training and development, recognition, reward, a competitive salary package and job security as motivational factors (Tizazu Kassa, 2015). Similarly, Selden and Sowa (2015), stated that nonprofit organization leaders must focus on various factors such as leadership development, compensation, and employee relations to reduce employee turnover and ensure employee organizational commitment. Particularly they should apply focus on retention strategies and hold reduction of turnover as a critical aspect to improve organizational performance (Word & Carpenter, 2013). The costs associated with employee turnover, such as recruiting, selecting, and retaining successors for departed workforce members exceed 100% of the annual compensation of vacant positions (Bryant & Allen, 2013).

Up to the researchers, prior knowledge little is known, and studies carried out on challenges and practices of Employee retention in Local Non-Governmental Organizations' sector in Ethiopia. Given the difficulties encountered by managers in retaining their best employees as articulated above, the present study will formulate the fundamental research question to be addressed as, what are the challenges and practices of local non-government organizations to retain their employees in Ethiopia

Besides, a major challenge faced by the local organization in Ethiopia today is retaining the hired employees in their organizations. In the age of globalized competition every

organization tries its level best to give the best facilities to its employees. Satisfying the human resources is one of the toughest tasks which majority of the organizations face today. Understanding and knowing what is going on in the human mind is very difficult. Furthermore, there are so many opportunities available for the skilled as well as talented human resources that it is becoming very tough as well as difficult for the employers to satisfy and retain them. There is no single strategy or retention plan which may satisfy each and every employee in an organization. As human beings have different personalities as such they have different demands and expectations from the organization (Arnold et al., 1982).

The 2009 Ethiopian Charities and Societies Proclamation places excessive restrictions on the work of some Local organizations that affect employee retention for the majority of Ethiopian residence organizations. The law has had a devastating impact on the works of this organization, especially the limitation for 30:70 budget allocation affects retaining organizational human resource capacities by reducing the cost for accommodating experts. Local Organizations are not permitted to spend more than 30 percent of their budget on 'administrative costs'. The lack of definition of 'administrative costs' means the provision could be interpreted to include, inter alia, the costs of investigating and documenting their works, and other essential activities in the promotion and protection of rights.

Furthermore, despite the vast literature on employee turnover in public and private sector much less is known about the employee retention practices and challenges that compel employees to stay in the Local Organization. According to Reitz and Anderson (2011), the "reasons why a person stays at a job are not the reverse of the reasons why that same person might leave". Steel et al., (2002) added that the fact that it is often overlooked, the reasons people stay are not always the same as the reasons people leave. As Cardy and Lengnick-Hall (2011) stated, much attention has focused on "will they go" or turnover with far less attention having been paid to "will they stay" or "why do they stay". Loan et al. (2010) describe retention as "an almost untouched research topic". Employee retention is a vital issue and challenge to all the organizations nowadays. There are numbers of factors, which promote the employees to stay or leave the organization. It may be external factors, internal factors or the combined effect of both. Failed to retain talented employees is a common problem in most of local organizations

in Ethiopia based on preliminary investigation by the Researcher. Hence, in order to improve organizational performance, employers need to come up with strategies that focus on maximum optimization of individual performance. This is because the cornerstone of increased organizational performance is because of individual employees' capacity (Irum, Ahmed and Mehmood 2012). The level of an employee's effort and activities can be greatly influenced to increase the performance of an organization by providing access to important resources, empowering employees, increasing their knowledge and skills, boosting employees morale and also changing their perceptions and attitudes (Kassahun 2007). Therefore, employee performance is an important building block of any organization and must be critically analyzed. It also has a strong link to the strategic goals of an organization and is a major multidimensional construct aimed to achieve results (Abbas &Yaqoob 2009).

Similarly; various researches also conducted on human resource management strategies, employee turnover, human resource development, performance management, job satisfaction of employees', employee retention and job related outcomes in different organizations (including both governmental and non-governmental) found in Ethiopia particularly in Addis Ababa. However, the studies regarding employee retention in Local Organizations i.e. Local Civil Society Organizations in Ethiopia are limited to some international organizations like IRC, UNHCR, FAO and the like. Thus, little is known about the condition of employee retention practices, challenges as well as the extent of the problem in different positions in the local non-governmental organizations. Considering this study target, the study was therefore this study attempted to explore the phenomenon of employee retention practices and the retention strategy of Local Organizations to achieve a workforce with capability and capacity to fulfill the mission of the organization.

1.3. Research Questions

To provide specific guidance of the research process the above listed research gap was translated into the following research questions.

- I. What is the status of employees' retention practices in local NGOs in Ethiopia?
- II. What are the factors that affect employees' retention in local NGOs in Ethiopia?
- III. What are the practices and challenges of retaining employees in local NGOs in Ethiopia?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this research was to assess and explore the phenomenon of employee retention and the retention strategy of local civil society organizations to achieve a workforce with the capability and capacity to fulfill the mission of the organization.

1.4.2. Specific Objectives

The specific objectives of the study were:

- I. To assess the status of the existing employee retention practices of local NGOs in Ethiopia.
- II. To identify the factors that affect employees' retention in local NGOs in Ethiopia.
- III. To examine challenges of retaining employees in local NGOs in Ethiopia.

1.5. Scope of the Study

The study was aimed at assessing the practices and challenges of local civil society organizations to retain their employee. The study has focused on assessing the existing practices and challenges of employee retention of selected local organizations from the member of two (CCRDA and NeCSO) consortiums in Ethiopian.

1.6. Limitations of the Study

The fact that this study would exclusively focus on the Local organizations who are members of the two consortiums operating in Addis Abeba owing to the numbers of local civil society organizations are many and widely distributed/located. Due to time and other related challenges addressing all NGOs the study covered only local civil society organizations that are registered as members of the consortium for CCRDA and NeCSO. Furthermore, the study excludes other Consortiums, Networks and International organizations operating in Ethiopia with many employee accommodations. In addition, the study would conduct from the operational level manager to the highest executive management level of the local organizations and the result would not be generalized as a larger population of the local organizations because it was limited only on local organizations in Addis Ababa city. Furthermore, the variables affecting retention are many, therefore the study variables are limited to workplace, employee's intention, organization support to employee, working environment, salary, and training as a variable for the study.

1.7. The significance of the Study

The study is expected to make contributions to the expanding literature on issues related to the practice and challenges on employee' retention on local civil society organizations. It will also benefit the management of local civil society organizations to come up with strategic interventions that will improve staff retention levels. The study will have great importance to the top management in coming up with strategies to deal with what is perhaps the number one issue facing the human capital management field i.e. employee retention. The findings will further lay emphasis on the fact that employees in local civil society organizations should be retained. It will also influence the review of human resource policies currently and in the future. As a result of the findings, Local civil society organizations will work towards improving employee retention by meeting their needs and therefore improved performance. The findings of the study will have significance to academia, an extension of knowledge frontier as well as to policymakers.

1.8. Definitions of terms

- Human resources or HR is the company department charged with finding, screening, recruiting, and training job applicants, and administering employee-benefit programs. As companies reorganize to gain a competitive edge, HR plays a key role in helping companies deal with a fast-changing environment and the greater demand for quality employees (Joanna O’riordan, 2017).
- Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees and their trade unions, ensuring employees safety, welfare and healthy measures in compliance with labour laws (Josephat S. I., 2011)
- Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time (Bidisha, 2013)
- Employee motivation is a factor, or factors, that cause(s) an employee to pursue work tasks or goals. Employee motivation is defined as the enthusiasm, energy level, commitment and the amount of creativity that an employee brings to the organization on a daily basis. (Muhammad A.B., 2017)
- Incentive is defined as something that encourages someone to do something or work harder. incentives that supplement a salary and are given to the employees of a company for their excellent performance. Most often than not, incentives are what attract the employees to keep working in a company and go an extra mile to achieve something they are set to do. (Muhammad A.B., 2017)
- Local Organization means a civil society organization (Non-Governmental Organizations) formed under the laws of Ethiopia by Ethiopians, foreigners resident in Ethiopia or both; (Proclamation 113/2019)

1.9. Organization of the Study

The research report was organized into five Chapters. Chapter One contains background of the study, statement of the research problem, research questions, objectives of the study, scope of the study, limitation of the study, significance of the study, and definition of terms. Chapter Two contains the related literature of the challenges and practices of employee retention in local organizations. Chapter Three dwells on the research methodology while Chapter Four talks about the appropriate data presentation, analysis and discussion. Finally, Chapter Five contains the summary, conclusion and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

Many researches have been conducted on different issues pertaining to employee retention and strategies including the managerial, structural, developmental and leadership issues on different Governmental and Non-governmental organizations. The purpose of this research is to assess the employee retention practice and challenges on the local civil society organizations in Ethiopia. The researcher sought to understand employee retention from various perspectives and expand the researcher knowledge on this issue. Therefore, in order to grasp and provide a deep insight; the researcher tried to give a comprehensive summary and organized the literature review in topic categories such as, the conceptual definitions, theoretical grounds and empirical evidences based on the specific objective of the proposed study.

2.1. Conceptual Definitions

2.1.1. Employee Retention

The term retention refers to the ability of the organization to retain its employees and also refers to the state by which a staff accepts the stay on his/her job due to some reasons. Retention of valuable employees is one of the most significant issues confronting leaders. Retention of talented employees by employers is imperative because the organization's competitive advantage is often dependent on the specialized knowledge and skills possessed by these employees. Given the mobility nature of talented employees, retaining them becomes a matter of concern to employers since their leaving means a loss to the organization of its intellectual capital or intangible assets (Schreuder & Theron,2001).

The major goal of retention is to prevent the loss of competent employees from the organization as this could have an adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers

as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time.

2.1.2. Employee Turnover

Turnover refers to retirement, resignation and redundancy. Employee turnover is one of the persisting problems in organizations (J. M. Kinyili (2015)). The turnover means that another organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge thus is a threat for the former organization, which increases the significance of knowledge continuity. High staff turnover has long been an issue in many organizations and it is a common phenomenon in an organization but when the rate is high there would be an adverse impact on an organization's performance and result of discontinuity in staffing and loss of organizational memory. High levels of employee turnover lead to low performance and ineffectiveness in organizations and result in a huge number of costs and negative outcomes (Ingersoll, 2001).

According to L. A. Gojeh, A Ayde & Ayenew (2017), to better understand the causes of employee turnover, one must understand how turnover is defined. Different scholars have defined staff's turnover in the following manner:

- ✓ Observed that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract.
- ✓ The concept of labour turnover is often used interchangeably with employees' turnover. It means the rate at which employees leave a business enterprise
- ✓ Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment
- ✓ Employee turnover is the replacement cycle each time a position is vacated either voluntarily or involuntarily

2.1.3. The Significance of Employee Retention

Retaining professional and well experienced workers within the organization should be a major task of managers to alleviate the problem arising in recruiting and training which is

costly and it consumes money and time to fill the gap of professional workers within the organization. To retain employees, the organizations must review their career plans and reorganize those plans according to the market so that intelligent and talented employees could serve more and would be beneficial in the long run.

Besides, today employees are the most valuable assets in any company hence, it is better for organizations to continue working with their current employees than to encourage labor turnover by hiring new employees. Long-term health and success of any organization depends upon the retention of key employees. Encouraging employees to remain in the organization for a long period of time can be termed as employee retention. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (Ingersoll, 2001).

It is not important to see who the organization hires but what counts is that who are kept in the firm. Rehema C. Batti. (2014) added to this view that *“the fact is often overlooked, but the reasons people stay are not always the same as the reasons people leave”*. Researcher has found that if appropriate employee retention strategies are adopted and implemented by organisations employees will surely remain and work for the successful achievement of organisational goals.

In the views of the Action, the Human Resource Department plays an active role in retaining its employees. It make policies for employee betterment such that employee would be satisfied with the organization and stay with the firm for longer time. This shows that it is not just retention of employees but also retention of valued skills. Rehema C. Batti. (2014) has agreed that an organization’s inability to formulate and implement strategies capable of recruiting competent employees and retaining them to achieve organizational goals is one of the main challenges facing organizations in the area of performance.

According to Prinsloo, K. (2008), it is becoming more essential to secure and manage competent human resource as the most valuable resource of any organization, because of the need for effective and efficient delivery of goods and services by organizations, whether in

public or private sector. Therefore, for an organization to realize its goals, appropriate strategies for employee recruitment and retention are sine-qua-non for enhanced performance.

Kossivi, B., Xu, M. & Kalgora, B. (2016) have confirmed that despite the fact that a company may try to bring all these factors into play to enhance employee retention, an employee can still choose to leave the workplace because of, for example, bad management. The researcher pointed out that an organization's ability to retain its employees completely depends upon its ability to manage them. He found out four interlinked processes that can be utilized for an effective human resource management system: the motivational process; the interaction process; the visioning process; and the learning process. Kyndt E., Dochy ., Michielsens .& Moeyaert . (2009) gave stress on the fact that hiring new employees is far difficult as well as more costly than to keeping the current employees in the organization.

That is why the core issue in any organization is to give a continuous ongoing effort to identify and try to keep all the best performers irrespective of their age. B. Lahkar and Baruah (2013) has stated that employee retention strategies refer to the plans and means, and a set of decision-making behavior formulated by the organizations to retain their competent workforce for performance.

2.1.4. Retention Strategy and Strategies to Retain Employees

Due to the complexity of retention strategy to implement employees and managers need to be actively involved in the development and implementation of the strategies. Managers need to have a clear understanding of the needs, abilities, goals, and preferences of the workforce (Kinyili, 2015). In line with this, more effort should be done to improve retention by taking into consideration of the many factors such as better recruitment effort, review job content, compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, non-work factors, team building, centralization, organizational communication and commitment, counseling leavers, flexible working hours, compressed work week, employee involvement, proper exit interview policies for turnover, and recognitions (Soliana,2015)

Mohaptra, (2005) in their findings suggested that certain variables are crucial in influencing employees' decision to either leave or remain in an organization. Such variables include training and development, recognition/reward for good performance, a competitive salary package and job security. On the other hand, the importance of other variables should not be under estimated when formulating a retention policy. It is only a comprehensive blend of intrinsic and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in various organizations.

Hence, organizations who need to retain employees must understand the requirements of the employees and the factors that determine strategies to retain employees. This could help in retaining well qualified, experienced and professional employees for the success of the organization (Soliana, 2015).

2.1.4.1. Competitive and Fair Compensation

Competitive and fair compensation is a fundamental starting point in most strategies to attract and retain good employees specially those employees who provide outstanding performance or unique skill which is necessary to the organization because company finance more money on their training and orientation (Gojeh, Ayde & Ayenew ., 2017). However, there is general agreement that compensation levels do not by itself secure employee retention. The best and common practices include the use of business surveys to point of reference and position wage and salary structures to be fair and competitive. According to (Worku Ljigu, Amare (2015) enforces this idea by concluding as “Develop competitive compensation and benefit packages. Understand and research market pay ranges in your area and consider the value of benefits and employee perks; offering such extras to your workforce may be the key to your retention efforts” (*Ibid*).

Employers would be able to retain and attract well-qualified and professional employees if they would make it a point of reference to offer salaries that would be competitive to achieve better financial position. By this it would be possibly solve the problem of employees leaving

the job based on low salaries. In addition to this, employers should also offer attractive benefit packages (Soliana 2015).

2.1.4.2. Recognition and Rewards

Recognition and rewards for employees who provide outstanding performance were found to have appreciably accelerated retention of employees in the organization. Moreover, it may contribute to respect and appreciation for employees in their workplace, and strengthen employee commitment to their duty at large. In the study by Soliana Mulu (2015) contends that reward systems should be a weighty domain of innovation for employer. Recognition and Rewards include a formal and informal, financial, and non-financial incentive given to individual employees or groups of employees or to an entire staff. They include such things as employee of the month awards, prizes, clothing and etc.

2.1.4.3. Training, Professional Development, and Career Planning

According to Randall S. Schuler, Susan E. Jackson (2006) training, professional development and career planning are effective ways to enhance employee retention. Training constitutes a visible investment that the company makes in the worker, providing him or her with new skills, and greater competencies and confidence. They further stated that “training often leads to work that is more intrinsically rewarding. Combined with effective communication about how an employee’s efforts at developing skills will lead him or her to more challenging and meaningful positions within the company and training encourages workers to make longer term commitments to their workplace. It permits them to see a future with the company”. Many have put in place effective internal promotion programs that allow even their unskilled and semi-skilled workforce to move towards positions of greater responsibility and remuneration within the company. The study also indicated that career development plan for the employees play a vital role in the retention of employees. Providing these career development opportunities helps to restrict employees from leaving the organization and increase in loyalty.

2.1.4.4. Orientation

Preliminary orientation to the new employee can help to join together into the workplace and also help to make the new person feel comfortable and provide him or her information about how to cope with the demands of the workplace, and any possible problems that may arise. The employee customizes the work environment as soon as possible through induction process and it can help to retain employees to employer (Soliana 2015).

2.1.4.5. Conducive Working Environment

The researcher is forming the conclusion that flexible work schedule will increasingly be an important issue in the efforts to retain an organization's critical employees. Rehema (2014) argued that future opportunities for the employees also help in retaining employees because these opportunities are associated with more pay, additional work responsibilities, superior work environment and different incentives plans. Enhancing open lines of communication between managers and employees can improve the overall quality of working relationships. Many interventions designed to make the workplace more hospitable can lead to improved retention (Soliana, 2015).

2.1.5. Factors Affecting Employee Retention

The Retention factor can be divided into three broad dimensions, i.e., social, mental and physical. The mental dimension of retention consist of work characteristics, employees always prefer flexible work tasks where they can use their knowledge and see the results of their efforts which, in turn, helps in retaining the valuable resources. The social dimension consists of the contacts that the employees have with other people, both internal and external.

The physical dimension consists of working conditions and pay. Stein (2000), Clarke (2001), Parker and Wright (2001) have rightly observed that organization must utilize an extensive range of human resource management factors to influence employee commitment and retention. Walker (2001) identified seven factors that can enhance employee retention:

- ✓ Compensation and appreciation of the performed work,

- ✓ Provision of challenging work,
- ✓ Chances to be promoted and to learn,
- ✓ Invitational atmosphere within the organization,
- ✓ Positive relations with colleagues,
- ✓ Healthy balance between the professional and personal life, and
- ✓ Good communications.

Together, these suggest a set of workplace norms and practices that might be taken as inviting employee engagement. Kehr (2004) divided the retention factors into three variables: power, achievement and affiliation. Dominance and social control represents power.

When personal performance exceeds the set standards, it represents achievement and affiliation refers to social relationships which are established and intensified. Hytter (2007) found that factors such as personal premises of loyalty, trust, commitment, and identification and attachment with the organization have a direct influence on employee retention. She also explained that workplace factors such as rewards, leadership style, career opportunities, the training and development of skills, physical working conditions, and the balance between professional and personal life have an indirect influence.

Training and development is one of the important retention programmes incorporated in an effort to retain their employees. In the study by Kane, R. (2003), while investigating employee retention that personal factors such as level of education, seniority, self-perceived leadership skills, and learning attitude and organizational factors such as appreciation and stimulation, and pressure of work are of great relevance in employee retention.

2.2. Theoretical Literature Review

This part of the study introduces Maslow's hierarchy of needs, Herzberg's two factors theory, Baby boomers and the Y generation theory. This helps to generate more insightful knowledge of motivational and Staff retention aspects.

2.2.1. Maslow's Theory

When Abraham Maslow created his Hierarchy of Needs, he argued that humans are motivated by five essential needs: physiological, safety, social, self-esteem and self-actualization (Spector, P., 2003). At the bottom of the pyramid are our physiological needs such as food, water, sleep, and warmth. Safety concerns come next, and these include comfort, security, and stability. Moving up the pyramid we come to social needs, such as a sense of belong and friendship, and esteem needs such as a positive self-image, prestige and status, before topping out with self-actualization which is about feeling fulfilled through growth, advancement and creativity.

- ✓ **Physiological needs** – This includes having a place to work, regular monthly salary, comfortable working environment and essential facilities (such as a tea/coffee making facilities).
- ✓ **Safety needs** – These needs include having formal contracts of employment as well as benefits such as a pension scheme and sick pay. There should also be an emphasis on health and safety in the working environment.
- ✓ **Social needs** – Promoting group working across teams, departments and different levels, as well as encouraging team building through social activities can help satisfy these needs. If you have employees who work from home or other remote locations (perhaps field-based) then it is important to ensure that you and their manager are fulfilling their social needs.
- ✓ **Self-esteem** – At the self-esteem level respect for others and praise is important. A 360-degree feedback and appraisal system can help recognize employees' contributions and a peer to peer or social recognition program will celebrate employees' achievements and confer prestige and respect.
- ✓ **Self-actualization** – At the highest-level personal development plans, training, secondments, mentoring, and the opportunity for promotion enable staff to be the very best they can be. By implementing regular talent planning meetings among managers and HR, having career discussions with employees and offering options such as fast-track management programs your organization can fulfill employees' self-actualization needs while ensuring they have the expertise to fill future vacancies.

In Maslow's theory, employees whose lowest level needs have not been met will make decisions based on compensation, safety, or stability concerns. So, it is vital that HR professionals ensure that these needs are fulfilled before others further up the pyramid. It is also worth noting that employees will default to their lowest level needs if their higher-level needs are no longer being satisfied, for example, in an economic downturn employee will also focus on compensation, safety, or stability concerns. Maslow also introduced the idea that our needs constantly change as one need is met then so we desire the level above it.

The pay rise we received last year ago won't motivate us for the next five years, the recognition award we were presented with two years ago won't satisfy our current needs for appreciation, and the training course we did three years ago won't satisfy our need to be learning new skills and knowledge now. Modern motivation has moved on from Maslow's Hierarchy of Needs alone. But this simple motivation tool remains important and as such it can help HR professionals achieve many organizational goals, such as improved staff retention and employee engagement, as long as they understand how to apply it in a practical manner and continually adapt to meet their employees' changing needs (Randall S. Schuler, Susan E. Jackson, 2006).

2.2.2. Herzberg's Theory

Herzberg two-factor theory as cited in Randall S. Schuler, Susan E. Jackson (2006) provided a theoretical background for this study. He introduced the two factors theory in the book "Motivation to work" in 1959. The theory provides a framework for management to understand factors that motivate and dissatisfy the employee. Based on an insightful research conducted by in-depth interviews with more than 200 employees about the moments of positive and negative feeling about their jobs, Herzberg came to the conclusion to divide behavior driven elements in to two categories: hygiene factors and motivators.

Hygiene factors consist of factors where dissatisfaction can arise from, for instance, company policies, job security, employment relations and working conditions. Though these factors do not motivate people, they can lead to dissatisfaction if not managed effectively. Motivators include achievement, growth opportunities, a sense of recognition, and job responsibility.

These factors are the keys to job satisfaction, which can motivate people to improve the performance (Opar D. R., 2014).

According to Herzberg, the reverse of dissatisfaction is not dissatisfaction, and the opposite of satisfaction is not satisfaction. The employee remains in neutral status in case there is no motivator, as well as they would be neither dissatisfied nor satisfied once level of hygiene factors is adequate. Empirical studies have, however revealed that employees cited external elements such as a competitive salary, good interpersonal relationships, friendly/conducive working environment, and job security as key motivational variables that influenced their retention in the organizations. The result of this, therefore, is that decision makers should not rely only on intrinsic variables to guide personnel retention; rather, a mix of both natural and external variables should be considered as an effective retention strategy. (Ibid)

Similar connotation is of Herzberg (1959) two factor theory cited in Randall S. Schuler, Susan E. Jackson (2006) provided a theoretical background for this study. Herzberg argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally produced and is push by variables that are intrinsic to the work which Herzberg called “motivators”. These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely result from non-job-related variables (extrinsic). These variables were referred to by Herzberg as “hygiene” factors which, although does not motivate employees; nevertheless, they must be present in the workplace to make employees happy. The dissatisfaction are organization policies, salary, co-worker relationships, and supervisory styles

2.2.3. Baby Boomers and the Y generation theory on Staff retention

The study cited by Irema M. C. (2015) explores the similarities between the baby boomers and the Y generation and confirmed that together they constitute the biggest number of employees in the workforce of companies today. Organizations whose employment offers are aligned best with the shared values of the baby boomers and the Y generation will enjoy a

major talent advantage. According to Hewlett et al (2009) cited in Irema M. C. (2015) there are 5 elements that companies need to focus on retain their employee:

- **Modularity:** This can be defined as “chunking” of work that allows the baby boomers to scale back their working hours and breadth of control but still tackle the sophisticated tasks that their years of experience have equipped them to handle. This can be achieved by also delaying retirement or calling people back from retirement to assist on key specialized projects that require particular skills and knowledge.
- **Flexibility:** This can – and should – come in many forms. This could mean allowing people to work where and as they want. This should be supported by trust and clear goal-setting so that the people are held accountable for results, not the particular hours they keep at the office.
- **Opportunities to give back:** Many companies support their people’s favorite causes, whether with release time for volunteering or with matching funds for contributions, but it was hard to top the sense of satisfaction derived from using one’s vocational strengths to make a difference to a worthy cause. The sense of giving back was an important one for people that want to make a difference in the lives of less fortunate people.
- **Progressive policies:** People are becoming more concerned about global climate changes. Many companies that have discovered this find that a progressive work environment was deeply appreciated by the workforce. This can also be achieved by designing the workspace to foster collaboration and innovation, for example having many open spaces that keep people circulating so that they can have the opportunity of getting together informally and, as a result, spark ideas.
- **Intergenerational mentoring:** Boomer-aged executives have been partnered with the younger generation of the workforce. Both groups are learning from the crosspollination: the older generation is imparting its experience from the working world to the younger generation and the newer generation was exposed the boomers to the new marketing technologies that were available in communities and cyber networks. The five elements put forward do not require an increase of capital but would require a shift in the mind-set of the individuals from a manager and human resource point of view to ensure staff retention in an organization.

2.2.3.1. Factors of Employee Motivation

As Ullah, Ifran and Yasmin Robina, (2013) argues “there are some factors which are basic to the workers performance and are not effective motivators in themselves but if these factors are neglected by managers it will have negative impact on motivation”. The independent variables that are critically examined in this study are reward, recognition, promotion, security, salary, training & development, interesting work and working environment. Taking this, the following hypotheses were driven.

- **Reward:** when rewards are given to those who achieve high performance, they can become an important instrument to encourage the continuance of the desired behavior. In the workplace, external rewards include incentives, benefits and other monetary forms of rewards. Such external rewards are often used as motivators by managers. However, Herzberg argues that motivation comes from work itself and these external rewards are merely just satisfiers or dissatisfiers. Once employees are motivated, they will be able to fulfill the customers’ needs and together achieve the company’s goals (Bowen, 2000 as cited in Ullah, Ifran and Yasmin Robina, 2013). Michael S. (2008) indicated that reward is the most important motivational variable that contributes to retain employees in the organization.
- **Recognition:** Research show that “employees are not likely to be motivated by money all the time. In fact, innovative non-monetary rewards like paid vacations, time off from work, favored parking, or gift certificates can be quite effective in encouraging employees”. Michael S. (2008) reported that recognition is the most important motivational variable that contributes to retain employees in the organization.
- **Promotion:** Identify the high achievers in your department and keep them challenged with new opportunities for growth and advancement, “if you don’t you may lose them”. However promoting employees is only one of the ways of motivation and this should be mentioned that it is not what all the employees want; and therefore, if a manager is using just promotion as a motivator, he or she is not motivating everyone. Michael S. (2008)

- **Salary:** Pay is a major consideration in human resource management because it provides tangible incentive for employees' service, "payday should be one of the happiest days of the week", it should be delivered to employees on time and in a friendly manner Michael S. (2008). In another study Stone (1982, cited in Petcharak, 2002) stated that people are motivated by money because of many different reasons, the need to provide the basic necessities of life motivates most people. Michael S. (2008) found that competitive salary package is the most important motivational variable that contributes to retain employees in the organization.
- **Security:** According to Maslow's theory, security is a very vital factor whether in life or work. Most of the companies according offer the general security of insurance benefits, retirement programs, and saving plans. As he mentioned if employees are worried about their job for instance whether they will have the job next week so they are not likely to be very responsive, and they are not motivated to perform well. Samuel M. and Chipunza C. (2009) found that security significantly influenced employee retention.
- **Training & Development:** Plays a vital role in motivating employees and preventing them from failing, due to a lack of abilities. Hence, managers should provide employees with as much training as possible in order to increase their competencies and chances of doing a successful job. Training can be formal, i.e. at a class, or informal, i.e. on-the-job. Informal training is probably the most important training employee can get and it includes the sum of experiences he/she undergoes at work. Whereas informal training usually costs nothing, formal training comes with a cost. Despite these costs, managers must send employees to formal training, as this is their only chance to learn and bring new ideas back to the department. Samuel M. and Chipunza C. (2009) found that training and development significantly influenced employee retention.
- **Interesting work:** What a person finds interesting is very subjective, thus before assigning employees to tasks, managers should find out what interests each of their subordinates and try and make a match. Sometimes it is clear what an interesting task is, e.g. dealing with a hot topic that occupies the media or politicians minds. In this case, an interviewee suggested that "managers should give the hot topics to those

employees they want to motivate”. Though, managers must take caution to overall distribute “good” projects as equal as possible in order not to create de-motivation. Another way to make the job interesting is by diversity and framework breaking. For example, junior employees work on bits and pieces of a big puzzle they never get to see. Therefore, managers can motivate them by letting them see the top of the pyramid and by having them present their work to senior management. This fosters also the participation factor. Samuel M. and Chipunza C. (2009) found that interesting work significantly influenced employee retention.

- **Working Environment:** Whether working environment is plainly a satisfier or an active motivator is still to be decided. What is sure, though, is that there is no use trying to motivate high performance, while employees are frustrated by not having the right quality and amounts of equipment they need for their work. Thus, managers should make sure their staff has the adequate space, tools, information technology systems, and materials they need for the job. Managers are then urged to prepare in advance all the equipment a new employee’s needs (e.g. a desktop and a chair). Managers should also hold a healthy (physically and mentally) working environment (Pessaran D. and Tavakoli S. 2012) reported that good working environment is so important for employee retention (Tizazu Kassa, 2015).

2.3. Empirical Literature Review

This part reviewed various literatures on factors influencing staff retention globally, and in Africa and especially in Tanzania context. Various studies will be reviewed and discussed in this part to point out the research gap on issues related to staff retention in non-governmental organizations.

2.3.1. Empirical literature review Worldwide

Researchers worldwide are considering whether employee retention was a global business priority or it was specifically to certain geographical locations, certain functions or groups. Various studies show that retention issues most impact organizations differently from one geographical region to the next (Opar 2014).

In Europe, specifically in the United Kingdom and France responses were more likely to report that retention was not an issue at all. Further, managers in China, India and Japan all reported experiencing the most challenges in retaining executives, compared to other regions. Manager in china and German reported that retention is a challenge among the IT employees; while in the United States of America managers reported that women and minorities are more likely to have high attrition rates.

Literature shows that the effects of low staff retention ripple throughout many levels of an organization, included but not limited to employee morale, community relations, knowledge transfer, quality of productions, employee relationships and financial performances of the organization. A negative impact of these factors can devastate an organization. From a managerial perspective, the attraction and retention of high-quality employees was more important today than ever before. A number of trends (*e.g.*, globalization, increase in knowledge work, accelerating rate of technological advancement) make it vital that firms acquire and retain human capital. While there were important differences across countries, analysis of the costs of turnover as well as labor shortages in critical industries across the globe have emphasized the importance of retaining key employees for organizational success (Opar.,2014).

Unnecessary employee turnover costs an organization needless expense (Natnael Mamuye, 2018). Replacements and training expenses have a direct impact on organizational costs, productivity and performance, and as such, an increasing number of organizations are now recognizing employee retention as a key strategic issue. The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery (Samuel & Chipunza, 2009).

Natnael Mamuye (2018) noted that even for jobs that do not require high level of skills, a retention strategy can positively affect the engagement, turnover and ultimately financial performance, especially, for positions that involve interaction with customers. Another important job satisfaction variable was the job security. Staff expressed satisfaction with an organization and having the intention to continue working with the organization if they feel

that their careers are safe and good in the company. According to Samuel (2008), employees place great importance on their jobs because it provides them with a guaranteed source of income with which socio-economic stability and psychological well-being are achieved which are critical issues in developing economies with high incidence of poverty.

2.3.2. Empirical literature review in Africa

Previous studies in Sub-Saharan Africa shows that employee turnover has a significant impact on business performance primarily due to the fact that it takes too long to fill vacant posts together with uncompetitive salary scales and the lack of skilled candidates (Opar D. R. (2014). Further, the lack of human resourcing strategies, recruitment difficulties in most of organization in African countries were problems related to monitoring and measuring of employee turnover and employee retention difficulties were important issues that influence employee retention. Almost all industrialized nations, and many emerging countries, have experienced long economic expansions. As economies grow, job growth would continue. In almost all segments of the SSA economy, economic expansions translate directly into new jobs, which in turn create new opportunities for employees to leave current employment.

Opar (2014) in his case study of employee retention factors for South African Higher Education institutions reveals that efforts to retain employees are more focused on employees with core competencies or in core business units. Unfavorable working conditions and low and unattractive remuneration have in most industries and in specific skill areas led to skills migration, even between countries. Job hopping and skills migration have consequently become a global phenomenon and impact negatively on South Africa's post-apartheid job market. It was now common knowledge that skills flight from mainly the Southern African Development Community (SADC) was mainly to Europe, the United States of America (USA) and Australia, and has generally resulted in huge skills shortages in specific skill markets (Prinsloo, (2008).

According to Opar D. R. (2014), the costs of academic staff turnover, such as subsequent recruiting expenses, disruptions of course offerings, discontinuities in departmental and student planning, and loss of student graduate advisors, were born at individual departmental

and institutional levels and have an impact on quality of services and the image of the institution. In addition, the study note that academic staff turnover has several disadvantages such as costs related to decreased organizational loyalty, the loss of knowledge and experience regarding the institution, and the increase in time and cost in training novice academics. Opar (2014) argues that while individuals who move to other organizations may contribute to the specific activities of that organization, their departure from academia means that the synergies that come with a group of academics working together was diminished, and the impact and scope of knowledge production and dissemination was lessened.

2.3.3. Empirical literature review in Ethiopia

With the researchers' prior knowledge and due to absence of resources in the study title, the empirical review of employee retention practice and the associated challenges in local-NGOs is very limited. The result of various study in Ethiopia indicates that, employees were most motivated with the reward motivational factors. However, employees were less motivated with training and development and interesting work and Working environment motivational factors.

The correlation result shows that, a positive and significant relationship between reward and employee retention, recognition and employee retention, promotion and employee retention, security and employee retention, salary and employee retention, training and development, and employee retention and working environment and employee retention.

On the other hand, interesting work has a negative and insignificant relationship with employee retention. Because some study paper found that the employee retention issue is caused by a combination of factors depending on each specific individual, the employers need to be aware of other factors that can affect their employees' decision to change jobs. For instance, offering attractive benefit packages, assigning their employees more challenging responsibilities and all owing them to participate in different areas of the company can contribute to employee retention.

In addition, in order to design successful retention programs, employers need to thoroughly understand their employees' needs and expectations because employee turnover is related to the cultural side of organizational problems, which means that employers must work on getting to know their people and why they behave as they do. Furthermore, the study did not reach a significant number of different industries which might help identify particular industries where turnover is most likely and the reasons for this. This is why future research should be done in a more focused manner in order to make specific analyses to compare, for example, differences between industries in terms of voluntary turnover, identifying trends across job types and positions.

The employee retention and working environment have pervasive influence on the growth of NGOs in Ethiopia. However, there is very scanty literature carried on employee retention practices and challenges on local NGOs in Ethiopia. This assessment study will fill the gap to a considerable extent. It is helpful research work to describe employee retention practices and challenges of local NGOs in Ethiopia. Many literatures uncovers that the practices and challenges of local NGOs in retaining their employees in a good manner before they leave the organization in which they are employed is not well developed in our country. The absence of good employee retention mechanisms such as providing them with good incentives, training and development opportunities, and availing good organization policies that would help them to upgrade themselves is part of this study assessment.

The study of Employee retention examines the total effect of co-worker relationship, work environment, remuneration job satisfaction, and organizational commitment on employee retention using data from 297 employees holding a position of Professional Science (PS) from headquarters of public ministerial offices in Ethiopia. The analyses of the descriptive statistics revealed that the respondents expressed their satisfaction on their co-worker relationships, working environment, and their jobs. They also expressed average level organizational commitment. However, they expressed dissatisfaction on the remuneration practice of their respective organizations. The correlation analysis results have shown that co-worker relationship, work environment, remuneration, and job satisfaction have weak but positive

relationships with employee retention. In other respect, organizational commitment has positive moderate relationship with employee retention (Worku Mekonnen Tadesse, 2018).

Public sector professionals also conduct exploratory studies on determinants of civil servants' satisfaction with their jobs rather than focusing the retention practices and challenges. For instance, *Fassil Sisay Yehuala* (2016) conducts a research on Job Satisfaction and Its Determinants in Addis Ababa: Evidence from Public Employees, that identifying determinants of employee retention. According to him, women, averagely educated, and married people reported higher levels of satisfaction with their jobs and remain in the organization for long period of time. This study also indicated an inverted U-shaped relationship between age and satisfaction with jobs. Regarding job-related characteristics, perceived satisfaction with jobs tends to be higher for employees who are working in conducive working environment are believed to have a secured job; travel for a short span of time and work for less than five years in their workplace.

In addition, respondents in the Bole sub-city and those working in the land administration sector reported a higher satisfaction level with their jobs. Furthermore, individuals working for Bole sub-city administration as well as those working in land administration sector have a higher job satisfaction. More than half of the civil servants were dissatisfied or highly dissatisfied with their pay. However, salary does not significantly affect overall job satisfaction index.

What is more, a good working environment produces higher levels of job satisfaction; commuting for longer hours reduces job satisfaction; civil servants who worked for less than 5 years in current organization report higher level of job satisfaction than those worked for five years and above; job security increases one's job satisfaction; and working above workers' capacity leads to a lower level of satisfaction in a work place. He also recommends that, improve employees' working environment: As indicated above a working environment significantly affects the way workers feel about their jobs and ultimate consequences of their performance and remain in their position.

The study findings by Natnael Mamuye (2018) found that the challenges of employee retentions is caused by a combination of factors depending on each specific individual, the employers need to be aware of other factors that can affect their employees' decision to change jobs. For instance, offering attractive benefit packages, assigning their employees more challenging responsibilities and allowing them to participate in different areas of the company can contribute to employee retention.

A study by ECB and People in Aid (2010) reveals that staff retention is affected by push factors (such as poor experience with a line manager) and pull factors (better package, new challenge). Line managers have little control over some push factors such as the environment, job insecurity, family pressures, and poor alignment between emergency and development agendas. From our 2009 research pull factors appear stronger influences as it is perceived that most staff who has recently left would return if the offer was good. The organizations surveyed in 2009 (mainly larger INGOs) are adopting the counter measures to push and pull factors: good HR practice and providing opportunities for meaningful work.

The 2009 research highlighted that in the Horn of Africa 'involuntary turnover' was a significant issue for organizations in the Horn of Africa. Involuntary turnover is where the decision is made by the employer. This high turnover can be caused by organizations; whether through programs ending, lack of funding, poor management and restructures. Involuntary turnover has an impact on the retention of people that may not be asked to leave. Without adequate information good staff chooses to leave before the changes are made because they are unsure about their future or leave afterwards because of the negative experience they and their colleagues have had.

In the Horn of Africa organizations' study (ECB and People in Aid, 2010) poor retention is an accepted reality and the workforce is highly mobile. However, organizations are attempting to address this. When reviewing retention strategies, the event participants commented that the research conclusions highlighted that retention is a management responsibility as much as it is a HR priority.

They recommended that senior and program managers be engaged with the issues and findings. It was pointed out that the intended participants of the event had been program managers but organizations had considered it more appropriate for HR managers to attend. Organizations' investment in their staff and improvement in human resources is worthwhile regardless of whether staff leave earlier than hoped. ECB organizations in particular are competing for talent. They are recruiting from and contributing to the same evolving and expanding pool of talent in the sector.

The 2009 research identified that focusing on individual talent; engaging them informally as well as formally would increase the likelihood of retention. Talent development and the alignment of personal and organizations agendas are necessary to engage staff. At the very least your best people do not leave unexpectedly, helping with workforce planning. Organizations need to do more to mitigate the consequences of retention. The 2009 Research identified that organizations were relatively weaker at implementing initiatives that mitigate the consequences of turnover such as inductions, succession planning, and preserving institutional memory.

Central to these efforts is the need to complement strategic thinking, based upon analysis and hindsight, with strategic foresight anticipating future deployment and program needs. This would be dependent upon good collaboration between HR and programs and require a relationship with HR similar to 'business partnerships' used in the corporate sector.

These practical findings are intended to inform line manager's practices, discussions between line managers and their teams and line managers and their HR officers for improving retention. When restructuring an organization or team the case for change must be made. It is easier when there is a clear crisis such as finance shortfalls. However, staff also responds well to messages that refer to future risks, present opportunities or visions. Ensuring the case is linked to strategy and values improves confidence in the decision-making process.

Managers' expertise and competence does not automatically extend to restructuring and other forms of change. Managers need to consider what competencies they need to have on the team or be able to access to ensure they achieve their goals and minimize the impact of

change on the staff's performance. Management must consider the staff who are retained and what they need to perform in the post restructure environment. Communication is a priority. The purpose of communicating to staff is to manage expectations, anxiety and perceptions. It must be tailored to different audiences and be balanced between formal and informal approaches. Staff often leaves prematurely, in the third quarter of programs before the funding ends. This is very detrimental to reporting and exit strategies.

Proactive planning and foresight by managers working in collaboration with HR can ensure talent is retained. Workforce planning at the onset of a project or program can be integrated into project planning. There are practical limitations to career progression in some situations because many positions are in locations where the national member of staff could not or would not want to operate on a permanent basis. Barriers include local languages and ethnicity, remoteness, and accommodation these factors should not be presumed, however, and staff can overcome them.

Approaches to retention can have limited success in the short- term such as salary increments or flexible assignments. Retaining a key member of staff for a short period can be beneficial to the program's sustainability and preserving knowledge through an effective hand over. At certain points in a staff member's career their departure can only be delayed, because they are fundamentally looking for a different experience.

A great staff engagement or retention initiative can be undermined by inconsistencies in its application. This may be when a manager's selection for development or progression is not open or in accordance with guidelines, or, more benignly, when resources for the scheme runs out. This latter reason is typically due to HR development funds coming from limited unrestricted sources. A manager's poor behavior is not always intentional. They can be unaware of their impact on staff and its connection to retention. Furthermore, a manager's behavior can be catalyst for poor turnover or improved retention within a team or department depending on their style and timing of their arrival (ECB and People in Aid, 2010).

Retention has been highlighted as a manager's responsibility because most staff engagement begins with the line manager. Engagement can mitigate the push and pull factors helping to improve prospects of employee retention for positive reasons. Our research has highlighted that an important first step would be to get managers more engaged with HR and retention issues. In turn this would lead to improved engagement of staff. However, if the main motivating factor for staff engagement is to improve retention for the benefit of the manager (or the organization) efforts are likely to be ineffective. For a retention strategy to be a success you not only want appropriate retention levels, but your best people retained and performing. To achieve these success indicators, we suggest that retention strategies and engagement needs to be focused on improving the employees' experience of the organization and supporting their performance regardless of the impact on their career decisions. Employers must acknowledge that the loyalty and alignment of their best people will be balanced by their identity as an independent professional aligned to the sector as a whole. The Project's conclusions have informed the following ideas for further research into retention related issues.

- ✓ Training for managers and HR specialists in the Horn of Africa on how to improve retention.
- ✓ Survey employees in the Horn of Africa focusing on issues such as: professionalization, employee engagement, career planning and aspirations, the impact of the Horn of Africa's diverse office and program environments.
- ✓ Longer term research into how I/NGOs 'young talent' careers develop and their retention by organizations.
- ✓ Explore program managers' views and experience of HR practice, HR professionals and issues to better understand manager's reluctance to engage with retention

A study paper by Afework Gebre Eyesus (2015) also describes that Like in many other countries, the National Agricultural Research System (NARS) in Ethiopia is considered to include the Federal and Regional Agricultural Research Institutes, some NGOs and the private sector that are engaged in agricultural research and development activities. However, because of the absence of coordinating body of agricultural research there are disparity among these institutions in terms of retaining their employees' i.e. they have different salary scales,

incentive packages, development of professional careers, etc might also play a role to the fragmentation of retaining employees.

2.4. Study Gaps

There are several gaps left by different reviewed literature in terms of geographical and methodological. The nature of organization studied. Hassan et al (2010) conducted a study on employee retention as the vital challenge in all organizations. Their study focused on one industry that was the leather industry of Pakistan which was facing the same problem of retention of employees due to many reasons. Despite their study relevance, the study were conducted in Pakistan where geographical attributes, political inclination and socio- cultural values differs from Ethiopia. Hong and Kaur (2008) researched on a relationship between organizational climate, employee personality and intention to leave. Their study aimed to examine the relationship between organizational climate, employee personality and their intention to leave an organization in the Malaysian context. These researchers left a gap of geographical location of study as well as time. Ngozswana and Rugimbana (2010) assessed the talent retention strategies by using a case of large South African company (CSA). South African companies operates in an advanced working environment compared to those found in Ethiopia. Therefore, their findings cannot be generalized to the Ethiopia environment. It can, thus, be said that although many studies were conducted to explore factors for the retention in work organizations, most of them were carried out in other countries particularly those found in Asia. Few studies were carried out to investigate the factors for retention in African organizations. This study aims to fill this gap in previous research by investigating the factors influencing employee retention in Ethiopia organizations. For instance, the studies conducted in Ethiopia delimitation by the fact identifying the factors influencing employee retention that it was based on selective public institutions and e the study findings may only help in understanding staff retention issues in these selective public institutions. The other thematic findings were focused on business institutions like Banks, insurance, and micro finance institutions. Therefore, the issue of employee retention practices and challenges in Local Organization is less discussed in the literatures.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Approach

In attempt to reduce the weakness attached and to capitalize the respective strengths different social sciences research approaches were employed. This study was employed a Mixed research approach. This type of research methodology conducted with strong assumption that it is more convenient and appropriate method for both an in-depth look at context, processes, and interactions and precise measurement of attitudes and outcomes.

3.2. Research Design

The study embraced descriptive research design in order to provide a framework to examine current conditions, trends and status of events. According to (Zikmund 1984; 55) descriptive research is essential to describe characteristics of objects, people, groups, organizations, or environments. It tries to “paint a picture” of a given situation by addressing who, what, when, where, and how questions. The study targeted on Local Organizations vis a vis Local Civil Society Organizations /Local Non-Governmental Organizations in Ethiopia. The target population was the entire Executives, Managerial personnel’s, and program coordinators.

The researcher interested to get information on organizations staff retention practices, strategies, challenges in staff retention and to describe the existing condition and preferred to use descriptive research design. Since, the main objective of this study was to assess and explore the phenomenon of employee retention, retention practices and the retention strategy, challenges of Local Organizations to achieve a workforce with capability and capacity to fulfill the mission of the organization; the researcher employed both quantitative and qualitative research design.

3.3. Sampling Technique, Sample Size and Target Population

3.3.1. Sampling Technique

The researcher employed a probability sampling technique to estimate the extent to which the findings based on one sample are likely to differ from what he/she would have found by studying the entire population. Probability sampling permit one to specify for each sampling unit the probability that it will be included in the sample (David. N. & Chava N.,1976). Out of the four types of probability sampling, Simple random sampling was used to give the sampling units of the population an equal nonzero probability of being selected. Each sample units (the name of the registered CSOs) is listed in a list of table and number was given with some random starting point to select the sample and select the random digits from the population until the determined number of sample reached (until the 84 sample size reached).

3.3.2 Sample Size

Since the primary focus of this study is assess the status of the existing employee retention practices of local NGOs in Ethiopia, the sample size will be determined based on the formula from Akanni et al. (2008) cited in Saleh (2014,p 43) which was adopted in the calculation of the sample size as follows: this formula is appropriate when the proportion of the population with the attribute required is unknown.

Where n =sample size

$$n' = \text{sample size from infinite population} = S^2/V^2$$

N = total estimated population;

The V = standard error of the sampling distribution = 0.05,

S^2 is the variance of the population elements and V is a standard error of sampling population (Usually $S = 0.5$ and $V = 0.05$)

$$\text{Sample size} = \eta = \frac{100}{\left[1 + \left(\frac{n}{N}\right)\right]}$$

Therefore, the total number of administrative staffs in the 20 selected sample local NGOs is 516, thus based on the above sampling formula the sample size for this study is presented as follows:

$$\text{Sample Size} = 100 / (1 + (100/516)) = 84$$

Therefore, the sample for this study is 84.

In addition to the randomly selected 84 administrative staffs 5 human resource officers and 5 administrators are purposively for the interview for triangulation purpose.

3.3.3 Target Population

According to the information obtained from the member organizations of the two consortiums in Addis Ababa Economic Development Bureau (External Resource Mobilization Unit) there are 311 registered local NGOs in city. Out the total local NGOs 20 are selected and from the 20 local NGOs 84 respondents were selected purposively by the researcher. The respondents were selected from operational, administrative, and managerial staffs. Thus, the population of the study was the entire staff members of the selected local organizations in Addis Ababa city.

3.4. Data Source and Data Collection Instruments

Primary data source was using for this study. The main tool for the study was questionnaire which is extremely flexible and can be used to gather information on almost any topics involving large or small numbers of people (Abiy, Alemayehu, Daniel, Melese & Yelma, 2009). For this research, structured questionnaire and interview guide were used to collect a first-hand data from managerial, human resource and supportive staff. In addition to questionnaire (close ended) the researcher was gathered more information from the

respondents about the retention strategies, and opinions of HR experts regarding the issue under the study and to observe their reactions about the retention practice in the organizations through one to one interview.

3.5. Data Collecting Procedures

In obtaining the necessary information about the target sample participants the researcher first contacts CCRDA and NeCSO for informing their sample member organization by explaining the purpose of the research. Then the researcher contacted each organization officials and the HR experts to develop/collect list of respondents from each sample organization. Semi structured and unstructured individual Interviews, using an outlined questionnaire were administered to those selected sample individuals after verballing informed consent is acquired. The interview was hold in a convenient scheduled, place and time to avoid distraction, to maintain confidentiality and privacy. To protect the identity of respondents their names not mentioned.

3.6. Data Analysis Technique

In this study, mixed approaches (quantitative and qualitative methods) are employing to analyse the information collected from different data collecting instruments from the sources. Generally, the data obtained during the study were organized, sorted, analysed and interpreted by using using Statistical Package for Social Sciences (SPSS). Variables such as income, sex, age, length of year they have been working in the organization, education status, were also analyzed using descriptive statistic mainly percentage and means. To present the result of the descriptive statistics tools like table, pie chart and bar chart are also used in this study. The analyzed data is interpreted in detail to give meaningful result, and to enable for recommendation from the findings of the study.

3.7. Validity and Reliability of Data Gathering

The use of triangulation is for the purposes of reducing bias that may be inherent in a particular data source or method of construction Kumekpor, T.K.B. (2002). It is for this

reason that there is interchangeable use of qualitative and quantitative designs as a triangulation approach. Bias is minimized through this due approach and conclusions drawn that would be the springboard for further studies. The sample size and study population among others are all carefully set to ensure utmost representation of the variables under the study thereby increasing the validity and reliability of the constructs studied. Moreover; in order to enhance the validity and trustworthiness of the study various instruments of data collection such as; questionnaires, in-depth interview, literature reviews and conducting discussion with groups.

The reliability measurement was computed on the employees' questionnaires for the items of the primary data set related to the employee retention practices of local non-governmental organizations by applying the internal consistency measurement i.e. Cronbach's Alpha. The total average inter-item correlation or Cronbach's Alpha coefficient of evaluation of the overall summary of case processing was computed as being ($\alpha = .751$) and for the Cronbach's Alpha for all variables is registered to be greater than **70 percent**. The result that computed with Cronbach's Alpha indicates the internal consistency or the reliability of the data very good and can be acceptable; that is because, the value of alpha will be acceptable at cutoff point criteria ($\alpha \geq .70$). The closer the value of alpha to 1, the higher will be the internal consistency or reliability.

Table 3.1: Reliability Statistics

Cronbach's Alpha	N of Items
.751	27

3.8. Ethical Consideration

Researchers need to anticipate the ethical issues that may arise during their studies (Hesse-Bieber & Leavey, 2006). Research involves collecting data from people and about people (Punch, 2005). Researchers need to protect their research participants, develop rapport, promote the integrity of research, guard against misconduct and impropriety that might reflect on their organizations or

institutions, and cope with new challenging issues (Isreal & Hay, 2006). Therefore, respondents assured that the information which they provide is confidential and used for academic purpose only. The data gathered in the process of the study also kept confidential and won't be used for any personal interest.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDING

4.0 Introduction

This chapter presents the key findings of the study. In the first section of the chapter the key findings around key characteristics of the respondents such as sex, age, level of education, and work experiences are presented while the second section provides the detailed discussion based on the three specific research objectives of the study.

4.1. Response Rate

In this research a total of 84 questionnaires were distributed to the respondents, out of these 80 questionnaires were received back from the respondents. Thus, the response rate for this study is 95 %, which is adequate to make a conclusion of the total population based the sample data.

4.2. Demographic Information

The demography of this study included respondents' gender, age, marital status, work experience, educational background and respondent's position in the study organization. The following are some of the findings that were obtained with regards to demographic information.

Table 4.1: Demographic characteristics of respondents

Items	Category	Frequency	Percentile
Sex of respondents	Male	47	59
	Female	33	41
	Total	80	100
Age of respondents	18-30	47	59
	31-50	23	29
	Above 50	10	12
	Total	80	100
Marital Status of Respondents	Single	39	49
	Married	29	36
	Divorced	12	15
	Total	80	100
Educational Background of Respondents	secondary	2	3
	Certificate	37	46
	Tertiary	41	51
	Total	80	100
Length of Service of Respondents	1-3 year	4	5
	4 to 5 years	31	39
	6 to 10 years	35	44
	More than 10 years	10	12
	Total	80	100

Source: Primary Data, 2020

4.2.1. Classification of Respondent by sex

59 %of respondents in demography was male, while female respondents were 41%. The study therefore indicates that the majority of respondents were male and the proportion indicates females are less represented in the study. Although males are dominant in this

sample since there is no sex specific issue for this study it will no effect on the result of the study. The proportion is adequate to have information from both sexes.

4.2.2. Respondent Age Classification

Respondents were classified according to age groups. The distribution of respondents by age group According to table 4.1 above, respondents of age distribution was as follows: 18 to 30 were the majority at 59 %, followed by those aged 31 to 50 years at 29 % years while the remaining 12% accounts to those aged above 50. As it can be seen in the above table the majority of the sampled respondents are young, youngsters usually need changes and better job. Therefore, organizations with majority of young employees are expected to be vulnerable to higher rate of turnover of professional employees unless they provide various mechanisms of retaining their employees and remain competent in such stiff competitive working environment sector.

4.2.3. Respondent by their Marital Status

According to the finding of the study, the marital status of the respondents, 49% of them are single while 38% of them are married. The remaining 15% is goes to the divorced. Employees' marital status is suggested to have some sort of association with their turnover intention. Crawly (2005) in his study found that married employees have higher intention to leave due to family commitment than unmarried employees. Thus, organizations with significant number of married employees also need to have good retention strategies in this regard.

4.2.4. Respondents by Educational Background

Most of the respondents in this study are reached tertiary level of education which accounts 51% of the total respondents while 46 % of them are reached certificate level. Only 3 % of the respondents are at secondary level. The very aim of the study is just to find out the respondents' level of understanding of retention issues in the selected local organizations. Therefore, as it is depicted in the table above, it is clear that most of the respondents about

97% had good education level in which they could have better understanding of retention issues in the organizations and how they are being provided. More educated employees especially with adequate relevant experience have higher demand in the labor market and have high opportunity to get better job in the labor market. Therefore, the level of education is expected to have a positive correlation with employees' turnover intention. It is also suggested that the more educated employees are, the more likely they are quit unless they are provided with better retention polices in their current organization.

4.2.5. Respondents by their work experience

Respondents in the study were asked to indicate the number of years they had worked at sampled local organizations. According to the data, most of the respondents 44% are of 6-10 years of experience followed by those with 4 to 5 years at 39 %, and 12% are more than 10 years Of experience. Only 5% of the respondents are accounts to those with 1-3 years of work experience. The findings show that the majority of respondents about 83 % had an adequate experience on the issues with regard to what are the factors might lead staff retention to leave or remain working with the organization.

4.3 Status of Employee' Retention Practices in Local Organizations

Assessing the status of staff in local organizations was the first specific objective of this study. The aim of this specific objective was to understand of major role of employee in organization, the extent to which employees perform their responsibilities and finally, to be informed of how they evaluate the importance of their work.

4.3.1 The Role of Employees in Their Organizations

Here respondents were asked to explain their role in the sampled local organization they are working. The aim was to know if a respondent was involved with administrative role, managerial or operational role in the organization. As revealed in table 4.2 above, the results revealed that 24 % of respondents were in administrative role, 27% of respondents were in managerial role and 49% respondents were in operational role. That tells us that most of the

respondents were in the operational activities about 49% of the respondents. This implies that the larger proportion of employees like any organization in local NGOs are involved in operational activities 49% while administrative activities and managerial activities are to a small extent. Although, the respondents from the interview were involved some in managerial and others in administrative role their number is small as compare to those in operational role.

Table 4.2: Employees’ Role in Organizations

Role	Frequency	Percent
Administrative	19	24
Managerial	22	27
Operational role	39	49
Total	80	100

Source: Primary Data, 2020

4.3.2 The Level of Employee Performance

As depicted in the figure 4.1 below, 62.50% of the respondents explained that they perform their job to a very large extent, 32.50% of them explained that they perform their job at a large extent while only 5% of the respondents said that they perform to the moderate extent as summarized below.

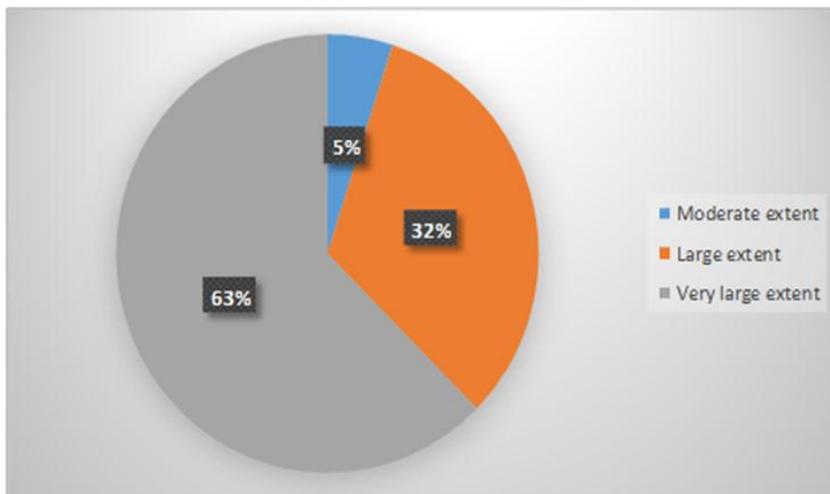


Figure 4.1: Level of Employee Performance

Source: Primary Data, 2020

Survey respondents were also asked to identify the reasons which motivate local NGOs to retain employees for long period of time. Among the respondents, 86% mentioned that having internal policies and strategies for staff retention have been playing significant role. This finding is consistent with the equity theory of Adam (1965). According to this theory, employees will be more committed, motivated as well as be loyal to the organizations they work in when they feel there is an employee retention strategy and practice that assures a proportional rewarded to their effort both in terms of financial and non-financial dimensions of benefit packages.

Key informants from the sampled organizations have confirmed the above-mentioned findings.

As can be seen from the responses of the survey majority of the respondents have performed their job to a very large extent. The respondents also mentioned that the having internal policies and strategies for staff retention have been playing significant role. Moreover, they have described that employees usually losing their motivation whenever they feel or perceive that there is no equity between their effort towards the success of the organization and the benefit they deserve to get in return.

4.3.3 Employees Evaluation on the Importance of their Work

As indicated in the literature, employees' attitude on the importance of their work is critical to reduce staff turnover in the organization. In this regard, 46 % of the respondents argue that their work is important in the organization, 34% of them believe that their work is very important in the organization, and 20% of the respondents rate their work fairly important to the organization. This shows that the majority of the employees has good value for their work and feel proud of the work they do in the organization. This indicates that local NGOs have good practice of employees' retention strategies though more is needed to be done as 20% of the respondents yet do not value as important. The result is also according to theories in the related literatures; because it is when employees valued as they are important to the organization, they value their work important in return.

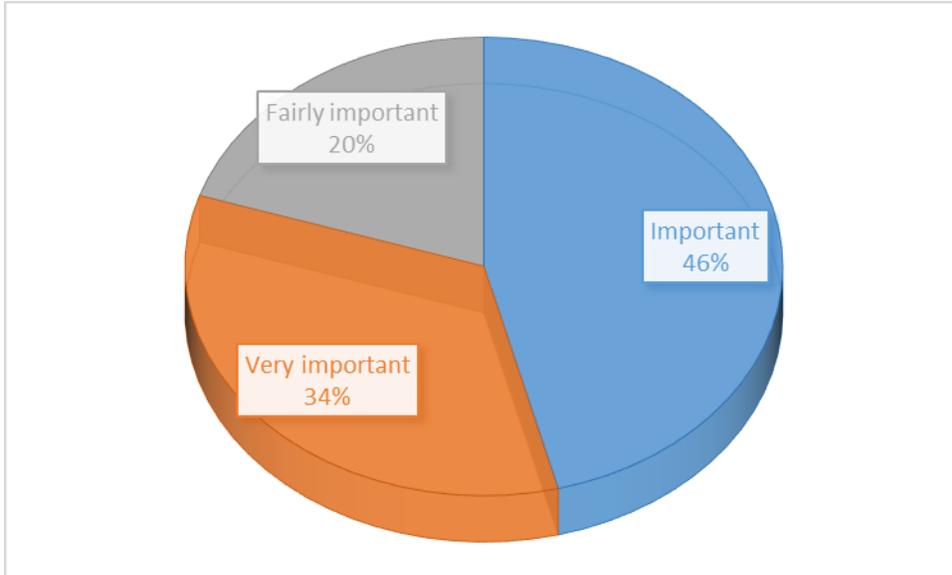


Figure 4.1: Level of employee performance

Source: Primary Data, 2020

4.4 Factors Affecting Employees Retention and their Impacts in Local NGOs

Being it the second specific objective of the study, here in order to meet this objective the managerial activities in terms of facilitating employees with the required facilities in their duties related activities as a cause and the level of employees' motivation as an effect has been assessed.

4.4.1 The Managerial Activities

The main aim of assessing the managerial activities of the sampled organization is to understand how organizations and project managers are facilitating employees on their daily duties. It helps the researcher to know how employees are facilitated so as to not look for another job or stay long with their current organization.

4.4.1.1 Facilitation of Basic Work Requirements

In an effort to obtain the opinion of the respondent about the facilitation of basic work requirements, sample respondents have been asked to express their opinion. Accordingly, most of the respondents 41.25 % of respondents expressed that their organizations have been fully facilitating basic work requirements. The second largest group 31.25 % said their organizations have been facilitating basic work requirements. Only 27.50% respondents reported the street trees are partially developed and managed. From this, one can see that more than half of the sampled local NGOs have been not facilitating basic work requirements for their employees as summarized below. Local NGOs should work hard in improving the provision of working facilities to their employees to the level they are fully facilitated as the full facilitation of employees with working facilities make employees more satisfied and in turn make them stay long with the organization.

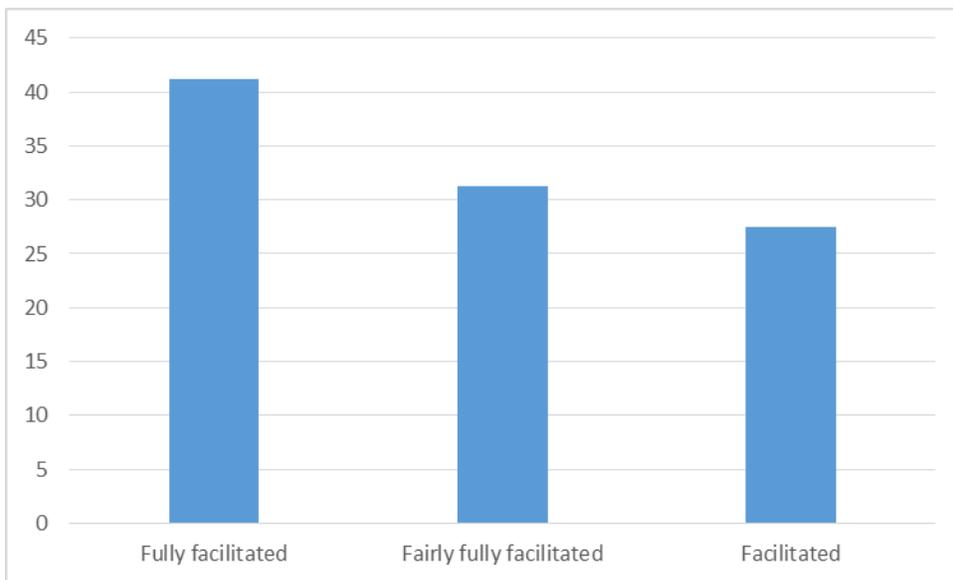


Figure 4.2: Facilitation of basic work requirements

Source: Primary Data, 2020

4.4.1.2 Access to Basic Requirement

Besides to the facilitation of basic work requirements the study intends to examine how frequent it is provided to the employees. As presented below in Figure 4.4, the findings

revealed that 26 % of respondents argue very frequent, 58% respondents said frequent, 16 % respondents said rarely. This finding tells us that only 74% of respondents reported that they do not receive all the basic work requirements very frequently. This implies that most of the employees in these local NGOs believe that they are provided with the managers do not provided with the basic work requirements very frequently and at the same time this is an indication for employees are not fully satisfied in this regard. For there is a strong correlation between employee satisfactions and their decision whether to stay with the organizations it demands managers in local NGOs to bring about an improvement in this regard.

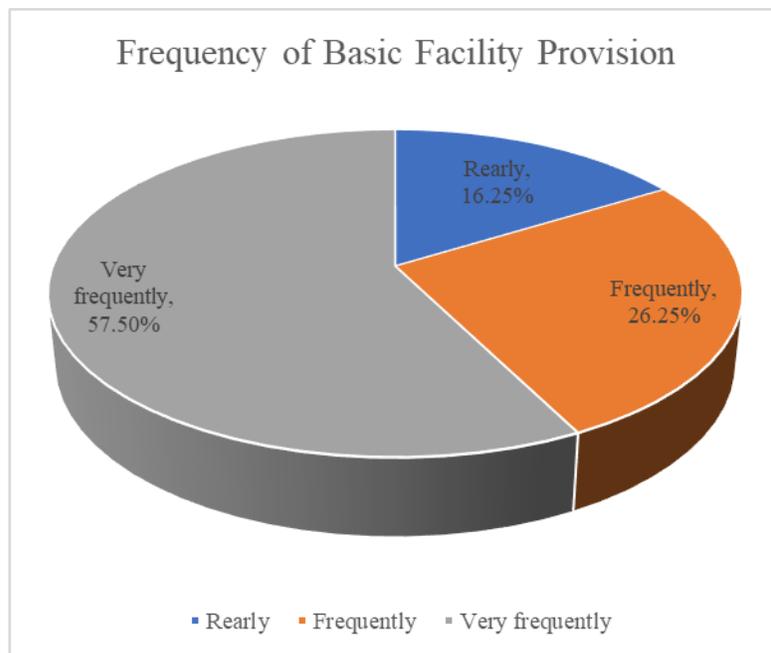


Figure 4.3: Access to Basic Requirement

Source: Primary Data, 2020

4.4.2. The Level of Employee Motivation

4.4.2.1 The Extent of Motivation at Work Place

The findings presented in the Figure 4.5 revealed that 10 % of respondents are motivated to a very large extent, 28 % respondents are motivated to a large extent, 44 % of are motivated to moderate level, 14 % of them are motivated to low extent and the rest 5% of respondents are motivated at very low extent. From the findings, one can learn that the

majority of the employees about 44 % are motivated moderately at workplace. This means that employees in local NGOs are not motivated to well at the level required, thus there is a need to improve employees' motivation through implementing better motivation strategies whereby increase employees performance and productivity. For there is a strong association between motivation and their performance managers should work hard in this regard.

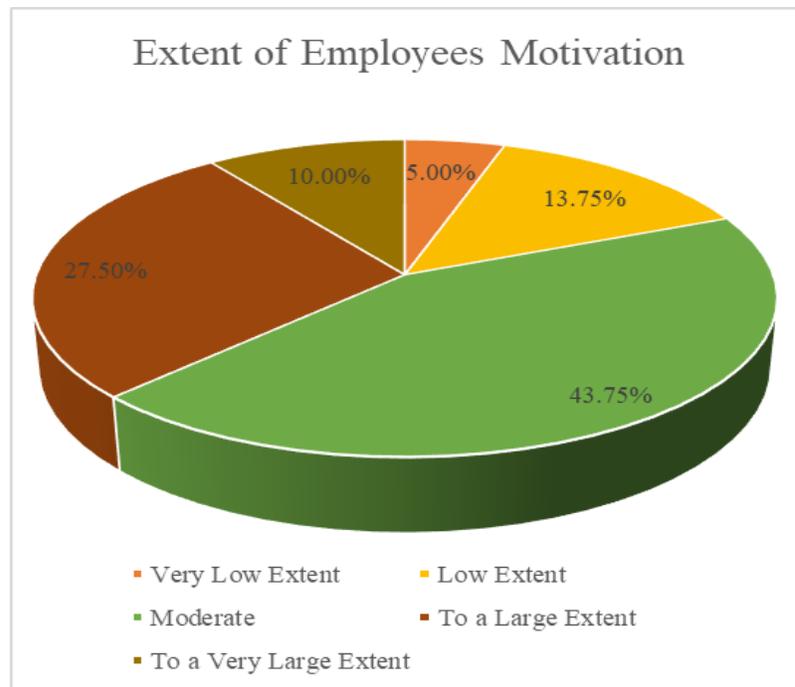


Figure 4.4: Extent of Employees Motivation

Source: Primary Data, 2020

4.4.2.2 Employees Turnover Intention

Here in this section employees are asked to explain their level intention to leave their current. In this regard according to the study finding depicted in the Figure 4.6 below, 17% of the respondents explained often, 34% some time and the remaining 49 % said they never intend to leave their current job. From the findings a significant portion of respondents about 34% declared that they sometime think to leave the current job while 17% of the respondents confirmed that the often think to leave the current job. These indicates that if the organizational processes will not influence them to remain in their current job, a significant

number of employees may leave their current jobs unless these organizations create conducive organizational process to employees.

In an organization that a significant number of employees are with an intention to leave their current job it is hard to say there is a good practice and strategy for employees' retention. Therefore, local NGOs should revise their retention practice and strategies as well as work too hard to improve them accordingly.

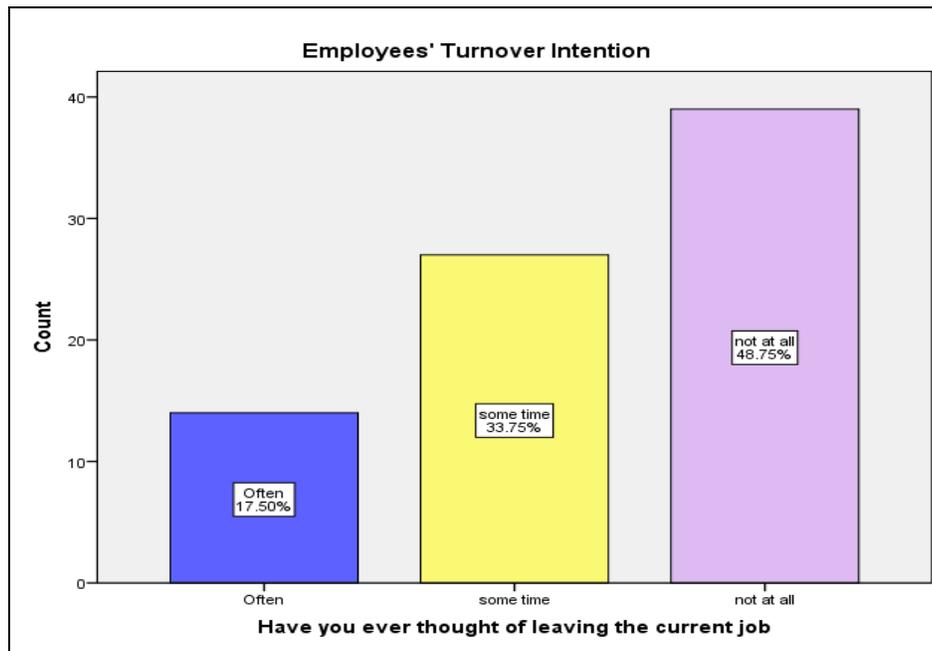


Figure 4.5: Employees' Turnover Intention

Source: Primary Data, 2020

4.4.2.3 Organizational Support to Employees

As presented in Figure 4.7 below, 34 % of respondents confirmed that they receive financial incentives, 35% of the respondents said work related incentives and the rest 31% of them reported as they receive physical supports. This means that financial and work-related supports are almost equally provided to employees 34% and 35% each respectively. This shows that local NGOs are tend to financial and work-related support than physical support. However, since supports are one of the employees' retention mechanism that organizations

usually use there is a need to have a good support provision mechanism which better make employees motivated and valued. Meaning local NGOs need to identify which support and at what proportion should offered to their employees to improve the employees' level of satisfaction and motivation whereby their productivity.

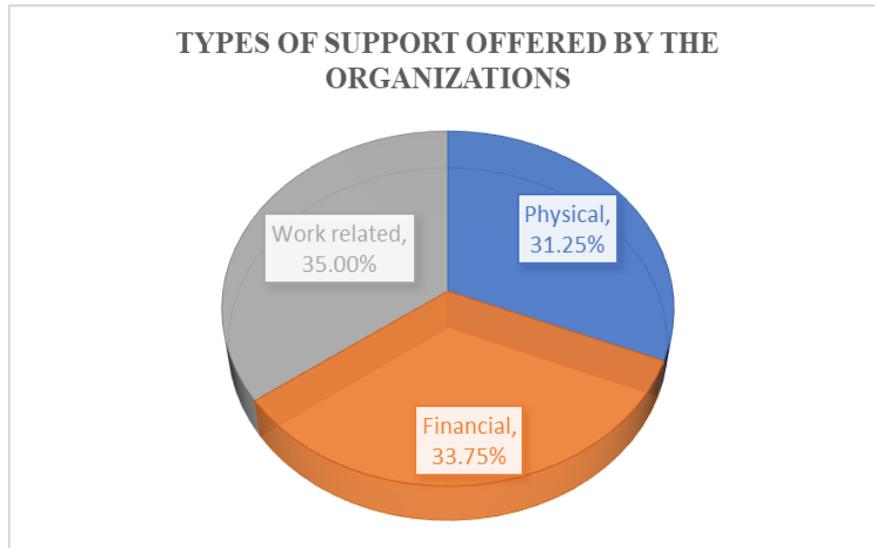


Figure 4.6: Types of Support to employees

Source: Primary Data, 2020

4.4.2.4 Employees Working Environment

The findings in the figure 4.8 below revealed that the working environment of the local NGOs is judged as very attractive by 8% of the respondents, as attractive by 48 % of the respondents, as moderate by 18% of the respondents, as less attractive by 20% of the respondents not attractive at all by the remaining 6% of the respondents. This shows that most of the employees perceive the working environment as attractive confirming that most of them are working in an attractive environment. Meaning the working environment of local NGOs is good for most of employees as the same time it may be one of the reasons that makes employees to remain in their current job.

However, yet a significant number of employees feel the working environment in the local NGOs as not attractive. Therefore, to keep this significant of employees feel better for the working environment and reduce their turnover intention local NGOs need to improve their working environment. Because, recruiting new employees is costly as compared with retaining the existing one.

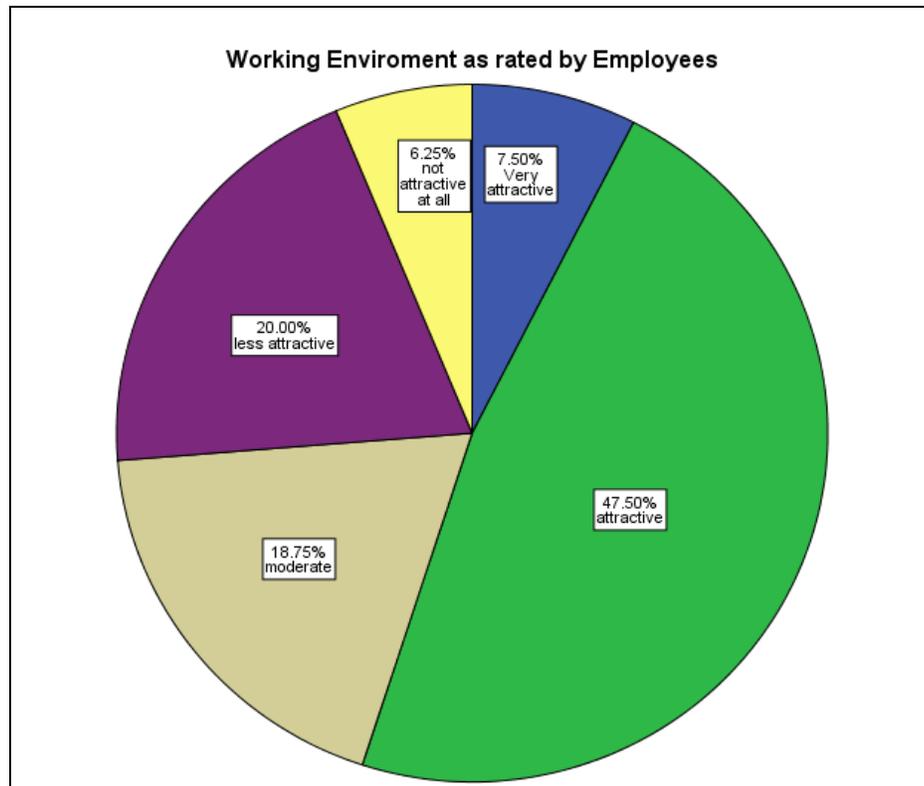


Figure 4.7 The Working Environment

Source: Primary Data, 2020

4.4.2.5 Rewarding Employees in the Local NGOs

As presented in Figure 4.9 below, the findings revealed that 8 % respondents said frequently, 41 % respondents said normally, 25 % respondents said undecided, 16 % respondents said rarely, and 10 % respondents said not at all. Here, most of the respondents agree that they normally receive rewards from the organizations they work for. This tells us that local NGOs are practicing reward as employees’ retention and good policy in this regard although not

provided frequently to employees. From the findings, organizational processes need to be highly improved so as employees can get rewards frequently according to the performance, they make in the organizations in order to get satisfied at work place and hence, increase their morale to work and remain in the working organizations. Through rewarding employees according to their performance will make employees to be motivated and work hard looking for future reward this in turn increase their productivity and make intention to stay at their current organization. During the interview one of the participants said that “*We reward our employees based on their performance annually and it is one of our employee’s’ retention mechanism*”.

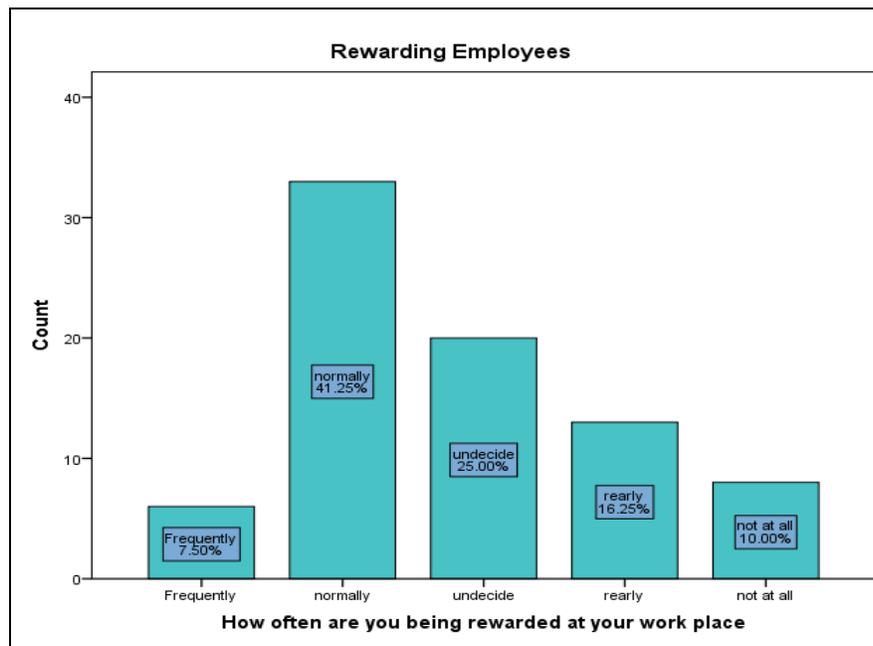


Figure 4.8: Rewarding Employees in the Local NGOs

Source: Primary Data, 2020

4.4.2.6 Training as a Retention Mechanism of Employees

As depicted in Figure 4.10 below, the findings in this regarding this variable revealed that 23 % respondents perceives the training given by local NGOs as highly satisfactory, 52 % of the respondents as satisfactory and 25% of the respondents as less satisfactory. The result indicates that most of the respondents about 77% of the respondents the training in the study area satisfactory and

above confirming local NGOs are using training as a retention strategy. That means local NGOs provide on job trainings adequately to their employees. As described by one interviewee they usually provide trainings to their employees aiming to make them equipped with the required skill and knowledge as well as refresh and motivate more.

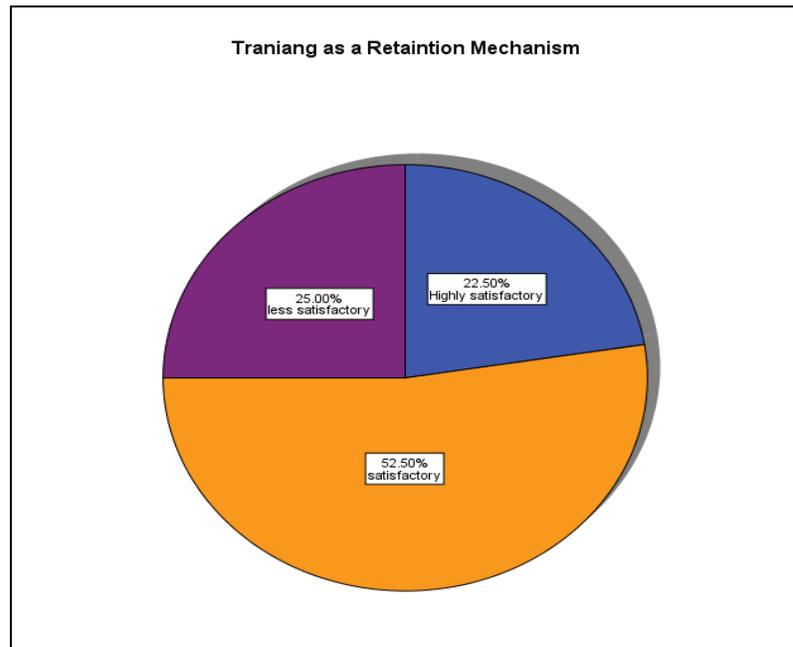


Figure 4.9: Training as a Retention Mechanism

Source: Primary Data, 2020

4.4.2.7 Salary of Employees in the Local NGOs

As presented in Figure 4.11 below the researcher wanted to know whether the amount of salary was relevant, the findings revealed that 12 % respondent said very relevant, 39 % respondents said relevant, 34% respondents said fairly relevant and 15% respondents said not relevant. According to the findings, most of the respondents about 49% said amount of salary was relevant to tasks performed. Which means that, the amount of salary was relevant to the tasks performed by the employee that is why some staffs are encouraged to remain in their working organizations this means that organizational processes have tried to accommodate the needs of employees. The response above implied that the staff members are satisfied with their monthly salary the local NGOs are providing as compared to the job they perform. But salary alone cannot be a reason for the employee to remain in the organization rather, when

employees are valued as team members, pleasant working environment, providing clear path, interesting work and personal development.

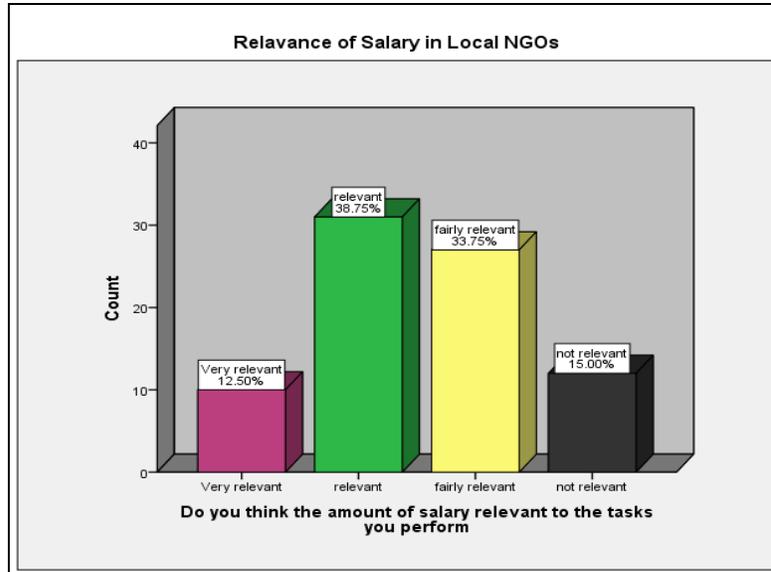


Figure 4.10: Salary in Local NGOs

Source: Primary Data, 2020

4.4.2.8 Employees Motivation in Local NGOs

The finding in the Figure 4.12 below, it is confirmed that 7% respondent perceives that they are motivated to a very large extent, 35% respondents perceives that they are motivated to a large extent, 38% of them agrees to a moderate extent, 13 % of the respondents fell they are motivated to a less extent and 8% of the respondents said to a very low extent. From the findings, most of the respondents about 38 % are motivated to large extent. This means, that local NGOs have not been able to motivate all the employees to a large extent that can have impact in their working areas. Managers in these organizations should make sure that employees get motivated despite different needs they have. It is from the fact that, effective managers in order to motivate employees of different categories should understand the individual differences that shape each employee's unique views of work and use this understanding to maximize each employee's effectiveness.

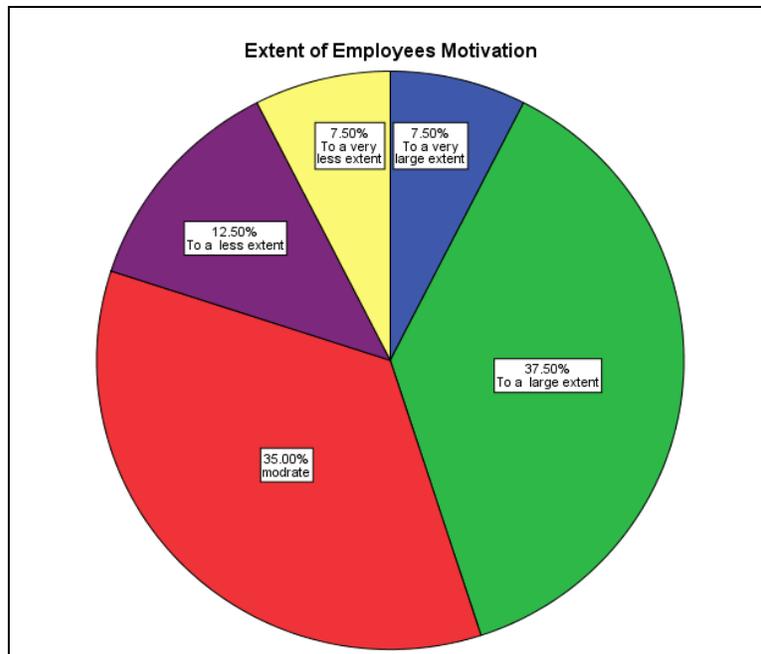


Figure 4. 11: Extent of Employees Motivation

Source: Primary Data, 2020

4.5. Challenges of Retaining Employees in an Organization

Here under this section respondents were asked some questions about the challenges of retaining employees in local NGOs accordingly the respondent’s perception of the issue is presented below as follows;

4.5.1 The Extent Local NGOs lost their Employees

The finding here in Figure 4.13 below, revealed that 11% of the respondent perceived that local NGOs lost their employees to a very large extent, 16% of respondents agree that their employees to a large extent, 28% of the respondents said to a moderate extent, 24% respondents perceived to a low extent and the rest 21% of respondents rated it to a very low extent. According to the result of the study, most of the respondents about 28 % of the respondents agree that the level of turnover in local NGOs as moderate, 27% of respondents combined rated it from very large to large extent while 45% of the respondents in sum rated it from low to a very low extent. This implies that, employee’s turnover is not a serious problem which indicates that local NGOs have good retention polices and strategies. However, still

most of the employees perceived the issue from moderate to a very large extent. Thus, local NGOs should improve their employee retention policies on the bases of an assessment on their employees regarding the issue.

“We always strive to retain our experienced employees through implementing various retention mechanisms, however some employees quite their job due to personal reason and looking for better job special in international NGOs” said one of interviewed HR manager in one of the local NGOs. *“Our main challenge in employee retention is financial we are not allowed to raise more than 20% of our annual fund from international sources which poses as a limitation to pay our employees as international NGOs do”* explained an interview.

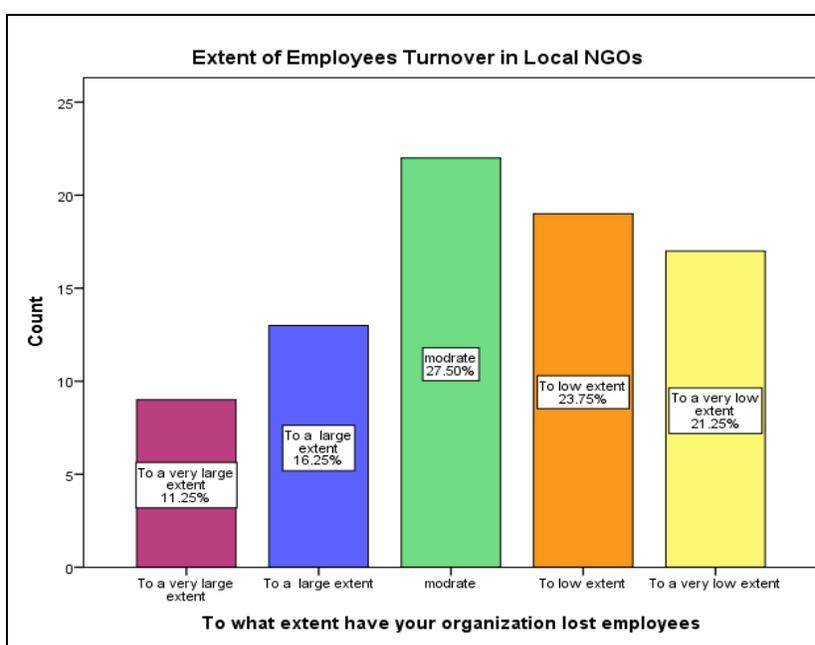


Figure 4.12: Extent of Employees Turnover

Source: Primary Data, 2020

4.6 Strategies for Retaining Employees

Here in this part of the study employees were asked to rate the importance each retention strategy in influencing the remain in their job. In the analysis the mean score (average of the respondents answer for a specific question) method will be adopted. Likert’s scales of five ordinal measures of agreement towards each statement were used to calculate the mean score (average). Accordingly, in order to determine the degree of the importance of each identified

retention strategies in influencing employees to remain in their current job, Relative Importance Index (RII) method will be deployed.

4.6.1 The Relative Importance of Employees Retaliation Strategies

Of the total identified employees retention strategies that influencing employees to remain in their current job in local NGOs in Addis Ababa city, Present of supportive means from management system, Good salary and allowances regarding to the job, absence other alternative of job opportunities, working basing on attractive environment and social services available are the four most important strategies in influencing employees in local NGOs to remain in their current job as rated by respondents with RII of **0.810, 0.805, 0.785 and 0.768** respectively. In the other hand, Presence of job involvement, job designing collaborative, time significance and empowerment of employees and Working under well channeled of communication, enough information and feedback to employees are judged as least influential strategies for retaining employees remain in their current job with RII **0.725** and **0.732** respectively. From this finding one can judge that Present of supportive means from management system, Good salary and allowances regarding to the job and Working basing on attractive environment and social services available are the three most important strategies that make employees stay at current job which are under the control of local NGOs while absence other alternative of job opportunities the other reason for employees to stay at their current job. Therefore, to make employees stay long with them, local NGOs should work more focusing in these three strategies than the other strategies.

Table 4.3: The relative importance index (RII) and rank of Employees Retention strategies

Set of strategies	Rate Given to Each Strategies					RII	Rank
	1	2	3	4	5		
Good salary and allowances regarding to the job	2	9	11	21	37	0.805	2
There are trainings, workshops and job challenging	6	17	4	22	31	0.738	6
Working basing on attractive environment and social services available	2	13	13	20	32	0.768	4
Recruitment with orientation, seminars and job directives	4	7	13	33	23	0.760	5
There are job involvement, job designing collaborative, time significance and empowerment of employees	0	18	10	36	16	0.725	8
Working under well channeled of communication, enough information and feedback to employees	2	15	12	30	21	0.732	7
Present of supportive means from management system	3	5	8	33	31	0.810	1
I have no other alternative of job opportunities	0	9	16	27	28	0.785	3

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of the study, conclusion and recommendations based on the finding of which answers the three research questions. The chapter consists of four sections: introduction, summary and key findings of the study findings, conclusions, and recommendations.

5.1 Summary of Key Findings

The study was intended to assess the practice employees' retention and the challenges of employee retention in local Non-governmental organizations in Ethiopia, Addis Ababa was taken as a case study. In order to know how employees can be retained in all working organizations, it is important to assess the employees' retention practice and the challenges of employees' retention in organizations at this time where s employees are important assets in any organization to achieve its goals.

The study has three specific objectives of the study in achieving the main objective stated above. The first objective was to assess the status of staff retention in local NGOs while Second objective was, to identify the factors and impact of employee's retention in local NGOs. The third objective was to examine challenges of retaining employees in local NGOs. The study employed descriptive research design, using semi structured interview, and questionnaire survey, as the methods of collecting data from the sampled respondents. Regarding to the first specific objective, the finding tells us that the high proportion of the employees (62.50%) in the local NGOs perform their job at very large extent. That implies that local NGOs have established good policies, practice and processes to make their employees get involved fully in performing their duties. Hence, they retain their employees' for relatively longer period.

When we come to the second specific objective the study, results of the study indicates that, about 41.25 % of respondents explained that are fully facilitated, 31.25 % respondents revealed that they are facilitated and the remaining 27.50% of respondents reported as fairly facilitated. This indicates, when the employees are well facilitated with the basic work requirements, the organization will have few employees who will be thinking of leaving the organization as you compare to the organization that does not give basic work requirements to their employees. Regarding employee motivation, the result revealed that 44 % of are motivated to moderate level. This means that employees in local NGOs are not motivated to well at the level required, thus there is a need to improve employees' motivation through implementing better motivation strategies whereby increase employee performance and productivity. For there is a strong association between motivation and their performance managers should work hard in this regard.

Concerning the issue of salary, the findings revealed that 49 % respondents said relevant. According to the findings, for most of the respondents the amount of salary was relevant to tasks performed. This implies that good salary which is relevant to the tasks they perform an important factor for employees. This will enhance their existence in working organizations as you compare to organizations without relevant salary in comparison with tasks performed by the employee. Despite the relevant salary, retention of staffs can be successful when employees are being valued as team members, pleasant working environment, providing clear path, interesting work and personal development.

Regarding the third specific objective, according to the result of the study, most of the respondents about 28 % of the respondents agree that the level of turnover in local NGOs as moderate, 27% of respondents combined rated it from very large to large extent while 45% of the respondents in sum rated it from low to a very low extent. This implies that, employee turnover is not a serious problem which indicates that local NGOs have good retention polices and strategies. This result is also consistent with the employees' turnover intention as 49 % the respondents explained that they never intend to leave their current job. This might be due to the attractive working environment and salary in local NGOs as supported by the finding in this two variables that most of the respondents about 39% said amount of salary was relevant

to tasks performed and 48 % of the respondents judged the working environment as attractive. Furthermore, Present of supportive means from management system, Good salary and allowances regarding to the job, Absence other alternative of job opportunities, and Working basing on attractive environment and social services available are the four most important strategies in influencing employees in local NGOs to remain in their current job.

Although, the level of employee turnover is low, local NGOs in Ethiopia, are face a problem of how to increase more salaries and other incentive packages due to lack of funds specially from foreign source as they are restricted by low not source more than 20% of their annual budget. This imposed a challenge in retaining more employees.

5.2 Conclusion

In the findings of the study some basic reasons that influence employees' decision and how employees' retention is crucial are suggested. Currently, as the world is extremely dynamic and erratic work environment with stiff labor market employees' retention is very vital to remain competent in such stiff labor market. Moreover, managers in all organizations including local NGOs are facing difficult challenges of motivating and retaining employees in an environment of increased uncertainties but in the future, successful organizations will be those which adapt their organizational behavior to the realities of the current work environment where needs of employees will be adhered.

However, the evidence from the findings seems to suggest that local nongovernmental organizations can face challenges in retaining their employees. This is due partly to the lack of motivation and incentives/salary issue as compared with international NGOs. In other hand, improving the present of supportive means from management system, creating more attractive working environment and upgrading the availability of social services will also the challenges for local NGOs to remain competent in the labor market.

5.3 Recommendations

Based on the study findings and analysis the researcher forwarded some important recommendations as follows; any organization in general and local NGOs in specific should analyze its culture and its strategic objectives, considering the macro-environmental framework in which it operates. Then, select an appropriate rewards strategy that creates and reinforce organization behavior and relationship that support its strategy be consistent and supportive to its culture to enhance its employees.

Employees are important assets in any organization in achieving its goals. In order to enhance the employees' performance and retention at both public organizations and private sector, they need to be motivated to perform job accordingly. That means, local NGOs in Ethiopia should strive to put in place good policies, practices and processes to make their employees get fully involved through improved communication within the organization employees interchange ideas, feelings and opinions with management.

Moreover, management in local NGOs also should make sure that employees are well facilitated with basic work requirements and improving working conditions. In doing so, managers can retain employees with the organization as compared with to the organizations that do not make available the basic work requirements to their employees.

In order to retain employees better, the organizations managements should motivate the employees through giving incentives such as increasing salaries and other benefit packages such as, promotions and allowances relevant to prevailing economic situations over time. Also, issues related to reward should be made together with employees' development in working organizations not just to meet the professional needs of staffs but also to enhance the quality of doing their work and ensure the retention of competent and dedicated staff. When all these are considered, the organizations will have good employees who are committed to work for organizations.

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APPENDICES

Appendix-1

St. Mary's University
School of Graduate Studies
Department of General MBA
Assessment of Employee retention practices and Challenges of Local Civil Society
Organizations
The case of selected Local Civil Society Organizations
Questionnaire to be filled by Local Civil Society Organizations

Dear Sir/Madam

This survey is part of research project to assess employee retention practices and challenges of local non-governmental organizations in Ethiopia. We would like to be informed on certain issues the practice and challenges of employees' retention in Ethiopian Local Organizations. You have been selected as one of the respondents in this survey. Your answers will make great contributions in the data collection. All information provided will be used only for academic purposes and will be treated confidential.

Part I. Background information of the respondents

A. Gender: (a) Male () (b) Female ()

B. What is your age (years)

a) 18-30 () b) 31-35 () c) 36-45 () d) 46-55 () e) 56 – above ()

C. What is your Marital Status?

a) Single () b) Married () c) Separated () d) Widow/widower ()

D. What is your education level?

a) Primary education () b) Secondary education () c) Diploma () d) 1st Degree
e) Master's Degree. () f) PHD ()

E. Education level reached:

(1) Primary level and below (.....) (2) Secondary level (.....)

(3) Intermediate (certificate) level (.....) (4) Tertiary (diploma/degree) level (.....)

Part II. Data about the factors influencing staff retention in Organizations

1. For how long have you been working with this organization?
 - 1) 1-3 years
 - 2) 4-5years
 - 3) 6-10 years []
 - 4) 10 years and above
2. What is your role in this organization?
 - 1) Administrative
 - 2) Managerial
 - 3) Operational []
3. To what extent do you perform your responsibilities?
 - 1) To a very large extent
 - (2) To a large extent (3)Moderate
 - (4) Low extent
 - (5) Very low extent
4. How do you evaluate the importance of your work?
 - 1) Very important
 - (2) Important
 - (3) fairly
 - (4) Not real
 - (5) Not at all
5. How are you facilitated with basic work requirements?
 - 1) Fully facilitated
 - (2) Facilitated
 - (3) Fairly Facilitated
 - (4) Not really
 - (5) Not at all
6. How frequent do you get them all?
 - 1) Very frequent
 - (2) Frequent
 - (3) Fairly
 - (4) Rarely
 - (5) Not at all
7. To what extent are you motivated at work place?
 - (1) To a very large extent
 - (2) To a large extent
 - (3) Moderate
 - (4) Low extent
 - (5)Very low Extent
8. Have you ever thought of leaving the current job?
 - 1) Often
 - (2) Some time
 - (3) Not at all
9. What kind of support does the organization offer to employee?
 - 1) Financial incentives
 - (2) Work related incentives
 - (3) Physical incentives
10. How do you rate the level of your working environment?
 - 1) Very attractive
 - (2) attractive
 - (3) Moderate
 - (4) Less attractive
 - (5)Not attractive at all
11. How often are you being rewarded at your work place?
 - 1) Frequently
 - (2) Normally
 - (3) Undecided
 - (4) Rarely
 - (5) not at all
12. Are you satisfied with the training given in the current job?
 - 1) Highly satisfactory
 - (2) Satisfactory
 - (3) Less satisfactory
13. Do you think the amount of salary relevant to the tasks you perform?

- 1) Very relevant (2) Relevant (3) fairly relevant (4) Not relevant
 (5) Not relevant at all

14. To what extent does your organization motivate all employees?

- (1) To a very large extent (2) to a large extent (3) Moderate
 (4) Low extent (5) Very low Extent

15. To what extent have your organization lost employees?

- (1) To a very large extent (2) to a large extent (3) Moderate
 (4) Low extent (5) Very Low Extent

16. Put tick (✓) in the box on which condition do you think made you to remain in the current job. Rate the following regarding to:

- 1= More acceptable 2= Acceptable 3= Neutral 4=Less acceptable
 5=Not acceptable at all

Set of strategies	1	2	3	4	5
Good salary and allowances regarding to the job					
There are trainings, workshops and job challenging					
Working basing on attractive environment and social services available					
Recruitment with orientation, seminars and job directives					
There are job involvement, job designing collaborative, time significance and empowerment of employees					
Working under well channeled of communication, enough information and feedback to employees					
Present of supportive means from management system					
I have no other alternative of job opportunities					

THANK YOU FOR YOUR COOPERATION!

Appendix-2

St Mary's University
School of Graduate Studies
Department of General MBA
Assessment of Employee retention practices and Challenges of Local Civil Society
Organizations
The case of selected Local Civil Society Organizations

Interview Guide

Dear Sir/Madam

This interview is part of research project to assess employee retention practices and challenges of Ethiopian Local Organizations. We would like to be informed on certain issues the practice and challenges of employees' retention in Ethiopian Local Organizations. You have been selected as one of the respondents in this survey. Your answers will make great contributions in the data collection. All information provided will be used only for academic purposes and will be treated confidential.

Thank You in Advance!

For Local Civil Society Organizations Leaders

A. PERSONAL IDENTITY

- i. Sex: (a) Male (.....) (b) Female (.....)
- ii. Age: (a) 18 – 30 years (.....) (b) 30 – 50 years (.....) (c) 50 years and above (.....)
- iii. Education level reached:
 - (a) Primary level and below (.....) (b) Secondary level (.....)
 - (c) Intermediate (certificate) level (.....) (d) Tertiary (diploma/degree) level (.....)

B. INTERVIEW GUIDES FOR HEADS OF DEPARTMENTS

- 1. For how long have you been working with this organization?
 - a) 1-3 years b) 4-5years c) 6-10 years d) 10 years and above

2. What does your organization do?
3. Are you achieving the objectives of your organization?
4. How do you rank your organization performance if you compare to others?
5. Do you facilitate employees with basic work requirements? If yes how, and if no give reasons.
6. Is there any employee who lost job in this organization? If YES, why and if NO give reasons.
7. What does the organization offer to employees not to quit job?
8. How can the organization get affected when employees leave this organization?
9. How many times do the employees get training in a year to improve the organizational managerial skills and how successful have you improved to make the employees remain in the organization?
10. Do you think the employees are satisfied with their monthly salary and other incentives the organization is providing as you compare to the job they perform?
11. What are the sources of fund for your organization and to what extent they give assistance to the running of the organization?
12. What do you think to be the limitations the organization is facing to make employees not to quit job and how do you face them?

THANK YOU FOR YOUR COOPERATION!