

**SAINT MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**



**ASSESSMENT OF EMPLOYEE TURNOVER CAUSES AT  
ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY**

**BY**

**TEWODROS GETACHEW MEKONNEN**

**ID No: SGS/0315/2007 A**

**JANUARY 2016**

**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,  
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ERCA	Ethiopian Revenues & Customs Authority
HR	Human Resource

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## **ABSTRACT**

*The research was undertaken to assess the causes of employees' turnover. The study adopted a descriptive research design to identify the employee turnover causes. Both quantitative and qualitative methods were used to gather information. The researcher relied purposive sampling as a mean of gathering data from existing as well as ex-employees of the authority used for the study and the human resource manager. The main data collection instruments were interview and questionnaires. Descriptive statistics such as frequencies, percentages were employed for data analysis. Results of the study based on the analysis showed that, unavailability of training and development program, job security problem, dissatisfaction with pay structure, unfair reward and promotion systems were some of the causes for employee turnover at Ethiopian Revenues and Customs Authority. The recommendation based on the results from the study is that, the authority should revise salary and benefit packages, provide fair and equal training and promotion opportunity, provide job security and create conducive working environment to retain its employees.*

**Key words:** *Employees, Job Security, Turnover, Ethiopian Revenues & Customs Authority*

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

We are living in the world of stiff business competitions and business process outsourcing is on the peak and demands effective performance. In line with this, turnover is becoming a critical human resource issue in all sectors of the economy because turnover affects productivity, product and service quality, and profitability. In addition to this, the cost of replacing workers is high, finding skilled employees can be difficult, and investments in training are less secure (Wood, 2007).

According to Abassi, et al, (2000) employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. Also, Price (1977) defined turnover as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. In a human resources context, employee turnover or labour turnover is the rate at which an employer gains and losses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door."

Organizations at all levels, either governmental or non-government extensively invest a huge amount of money for training and development programs. Murthy (2003:p131) stated that "organizations send their employees to different training programs like courses, seminars, and others just to improve the skill of their employees and thereby increase productivity. However, still employees leave their organizations after improving their skills and knowledge".

Employee turnover is affected by the organizations external and internal environmental factors. Increase in demand and better working conditions for particular skilled labour in the industry, the social and cultural factors of the environment within which the organization operates are all external factors that influence employee turnover. Internal factors such as the organizations structure, reward packages and policies also affect the employee turnover.

According to Oregon (2004) most companies find that employee turnover can be reduced when issues affecting employee's morale are addressed. This is mainly through offering employees benefits such as reasonable flexibility with work and family balance, performance reviews, and performance based incentives, along with traditional benefits such as paid holidays or sick days. The extent to which a company will go to in order to retain employees depends not only on employee replacement costs, but also on overall performance of the company (Phillip, 2009). If a company is not getting the performance it is paying for, replacement cost can be an enormous price to pay in the long run (Bratton, 2003).

Employee turnover is a problem that employers have been facing in all industries, but the situation is different for every industry (Catherin, 2002). Due to this, various studies were conducted on causes of turnover on various industries. Several literatures indicated various factors that why employees stay or quit their job. There are also many discussions at national level on the relationship between various factors of turnover and its effect. For example, Biruk (2013) investigated the reasons why professional employees leave Bank of Abyssinia and the reasons why they stay in the bank. Hence, the study revealed that the bank has not attractive salary and benefit package, the employee employer relationship was not good, there is job security problem, the employee reward program was not competitive, the work place were unfavorable, employees were handled unfairly and irrespectively . All those factors

influence most ex-employees to leave and increased the intention of existing employees to leave the bank.

Yohanis (2014), used a sample of 75 existing employees and 11 ex-employees to examine the factors affecting employee turnover and its impact on Ethiopian Evangelical Church Mekane Yesus by using descriptive statistics data analysis and concluded that lack of career advancement, job dissatisfaction, leader's unwillingness to allow staff participation in decision making, and unfair training system were core factors for turnover.

Solomon (2007), also employed a descriptive statistics data analysis methodology to examine a sample of 126 Ethiopian Road Authority employees to identify the causes behind frequent staff turnover and concluded as the authority should work on a method to evaluate the performance of its employees and the authority should give T&D as much as possible to increase the retention rate through well-developed training programs.

The study of Girma , Erdaw , and Habtamu (2013), assess factors affecting turnover intention among nurses working at governmental health care institutions in East Gojjam, Amhara region and found out that; Nurses are useful to the health care institution to provide quality care. If the health care institution want to reduce nurses' turnover, then it is important to understand factors which increase nurses' turnover intentions. The results of the study suggested that interventions should be carried out to reduce the nurses' turnover intention in East Gojjam governmental health care institutions.

The results of each study were different as each study was carried out at different organizations where each organizations having different working environment, working culture and norms and services they provided.

Considering of the above facts investigated by various researchers, organization should understand why their employees leave and stay to mitigate the reason of leaving the company and the reason staying in the company to attract other competent employees from the market and achieve the going concern of the company. Therefore, there is a clear need to develop a better understanding of employee turnover and more specifically the causes that are key indicators of why employees leave the organization which would then have a profound impact on the strategies that managers can employ in order to reduce employee turnover within their organizations.

## **1.2 BACKGROUND OF THE ORGANIATION**

Ethiopia Revenue and customs Authority was established in 2008 (by proclamation number 587/2008) or Federal NegaritGazeta page 4123 Hamle 7/2000 E.C through the merger of the former Ministry of Revenue, Federal inland Revenue Authority and the Ethiopian customs Authority. The formation of ERCA signals the Ethiopian Government commitment to establishing modern tax and customs administration dedicated to meeting the requirement of the business community, encouraging voluntary compliance, combating smuggling and illegal activity and there by contributing to the economic and social development of the country.

In addition to their similar activity of Ministry of Revenue, the Ethiopian customs Authority and the Federal Inland Revenue Authority have been following similar resource utilization and organizational arrangement ,thus the merging of the three institution will provide for the establishment of modern tax and customs administration system, effective resource utilization and manner of service rendering it has been found necessary to transform the efficiency of the revenue sector to a high level by merging the institution. The authority shall be accountable to the prime minister.

### **1.3 STATEMENT OF THE PROBLEM**

The employees of a company are important stakeholders in the organization, unfortunately after scarce resources have been used in recruiting, training and developing, they leave the company for other companies.

Employee turnover is a major concern for many organizations today. High employee turnover can have a devastating effect on a company. Employee turnover has drained scarce resources of Ethiopian Revenues and Customs Authority, as the services of the lost employees are no longer available to be utilized. The problem of employee turnover raises a lot of concern in the Authority.

The authority set maximum turnover rate in its strategic plan as **3** percent. The actual turnover rates of employees for the fiscal year 2013/2014, 2014/2015, 2015/2016, are 20.1%, 13.3%, and 15.5% respectively. (ERCA HR document) This shows a difference between the rates set by frequent turnover of employees.

However, employees leave the organization with reasons. If the needs of employees are properly addressed, staff turnover is not likely to rise. The risen level of staff turnover implies some job dissatisfaction. However, there is need to obtain an empirical evidence, by conducting an investigation, as to the trends and causes of employee turnover in the Authority to reach an appropriate conclusion.

### **1.4 BASIC RESEARCH QUESTIONS**

This research intends to answer the following crucial research questions

- ✓ Why do employees leave the Authority?
- ✓ What is the current staff turnover trend at the Ethiopian Revenues and Customs Authority? And,

- ✓ What strategies and programs has the authority designed to minimize staff turnover

## **1.5 OBJECTIVES OF THE STUDY**

The broader objective of this study is to assess the major causes behind the frequent turnover in ERCA and provide professional advices that would help the authority to reduce turnover and retain its competent employees.

The specific objectives of the study include:

- ✓ To assess factors causing employee turnover at ERCA,
- ✓ To assess extent of employee turnover at ERCA, and
- ✓ To examine whether the authority has strategies designed to minimize staff turnover or not.

## **1.6 SIGNIFICANCE OF THE STUDY**

When labour turnover rate is high the Authority intended objectives and expected results are not achieved. Therefore understanding the problem of employee turnover and putting in place effective and efficient mitigating factors in place would benefit those concerned bodies of Ethiopian Revenues and Customs Authority to take appropriate measures.

The researcher is also expected to benefit from the research. For instance, acquiring the knowledge of conducting research, knowledge gathered from various literatures, knowledge from the instructors and advisors etc.

Moreover; the result of the study might be used as a reference material for studies that could be done on this area of research.

## **1.7 SCOPE/DELIMITATION OF THE STUDY**

Employee turnover is broad in the sense it comprises voluntary and involuntary turnover. The research paper however address voluntary turnover only. And the study focused only on voluntary turnover in Head office of Ethiopian Revenues and Customs Authority.

Because of time and budget constraint, the research also delimited to geographical location and the sample was restricted to departments at head offices only.

There are data collection tools such as questionnaire, interview, observation and experiment. However, the researcher employed only questionnaire and interview type of data collection tools for the study. The research further delimited to the number and type of respondents.

## **1.8 LIMITATIONS OF THE STUDY**

The major limitation of the study was the difficulty in finding the ex-employees of the authority which forced the study to depend on a few number of ex-employees.

## **1.9 DEFINITION OF TERMS**

**Employee Turnover:** Employee turnover refers to the rate at which an employer gains and losses employees (Armstrong, 2006).

**Employee Retention:** This is an effort put in by the employers in an attempt to keep employees in the organizations (Spencer, 2001).



## **1.10 ORGANIZATION OF THE STUDY**

The research paper has comprised of five chapters. The first chapter has the introduction part which includes; Background of the study, Background of the organization, Statement of the problems, Objectives of the study, Significance of the study, Scope Delimitations of the study, Limitations of the study and Organization of the study.

The second chapter has comprised relevant literature review that defines concepts and explains principles related with the topic.

The third chapter has comprised Research Design and Methodology used in conducting the study which includes Research Design, Population and Sampling Technique, Instrument of Data Collection, Procedure of Data Collection and Method of Analyzing the data used in the research.

The fourth chapter mainly focuses on analysis of the data that has been obtained from primary and secondary sources involving summarization, presentation, analysis, interpretation of the results.

The fifth chapter is all about summary of findings, conclusions and recommendations depending on the results of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

In this chapter, literature on employee turnover and related aspects is reviewed. The views of various authors in the field of employee turnover will be discussed.

Firstly, various definitions and types of employee turnover will be given in order to achieve greater understanding of aspects of turnover and to reveal inconsistencies and shortcomings. Secondly, the causes of employee turnover will be discussed comprehensively. Lastly, strategies to retain employees will be discussed.

#### **2.1 DEFINITION OF EMPLOYEE TURNOVER**

Employee turnover is described as employees who have left, are leaving and will leave an institution for various reasons (Grobler, Warrnich, Elbert and Hatfield, 2006). A similar definition is provided by Morrell, Loan-Clarke and Wilkinson (2001) who state that turnover means voluntary cessation of membership of an organization by an employee of that organization.

Another study suggests that employee turnover is the rotation of workers around the labour market, between different companies, occupations and jobs, and also between states of employment and unemployment (Abassi and Hollman 2000).

Employee turnover is defined by Price (1989) as being both “the entrance of new employees into the organization and the departure of existing employees from the organization”. Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained and this replacement cycle is known as turnover, according to Woods, as cited in Ongori (2007).

In most instances, the bulk of employee turnover is represented by voluntary turnover. To understand turnover, it is important to understand that there are different types of turnover that impact on the organization.

## **2.2 TYPES OF EMPLOYEE TURNOVER**

### **2.2.1 Voluntary Turnover**

When employees leave an organization at their own discretion, it is referred to as voluntary turnover (Dess and Shaw, 2001). A similar definition is given by Shaw, Delery, Jenkins and Gupta (1998), stating that “An instance of voluntary turnover, or a quit, reflects an employee's decision to leave an organization, whereas an instance of involuntary turnover, or a discharge, reflects an employer’s decision to terminate the employment relationship”.

### **2.2.2 Involuntary Turnover**

Shaw, Delery, Jenkins and Gupta (1998) define involuntary turnover as “... an instance of involuntary turnover, or a discharge” that “reflects an employer’s decision to terminate the employment relationship”. According to Ferguson and Ferguson (1986), involuntary turnover includes retirement, death and dismissal.

It appears that the distinction between voluntary and involuntary turnover is important but not straightforward (Van den Berg and Nelson, 1999). Reasons for turnover may be misinterpreted. Employees leaving an organization may wish not to disclose the real reasons for leaving as they are dependent on the organization for future reference, and this would of course only come to light during the exit interviews. These and other factors dilute the clear-cut distinction between voluntary and involuntary turnover.

### **2.2.3 Avoidable and Unavoidable Turnover**

It is also important to distinguish between avoidable and unavoidable turnover as this too will determine the intervention needed to address the issue of employee turnover (Morrell, Loan-Clarke and Wilkinson, 2001). Unavoidable turnover results from life decisions that extend beyond an employer's control, such as a decision to move to a new area or a job transfer for a spouse.

Avoidable turnover is something organizations can prevent by hiring, evaluating and motivating their employees more effectively. It is important to determine whether the organization is dealing with voluntary turnover that could have been prevented. Such information is important as it will direct the organization to the type of intervention needed to enhance the retention of employees (Morrell, Loan-Clarke and Wilkinson, 2001).

According to Mobley, the phenomenon of turnover is psychological, organizational and costly, as cited in Morrell, Loan-Clarke and Wilkinson (2001). There is presently no accepted model for understanding the process of turnover as a whole. A variety of factors are used to evaluate the causes of employee turnover. This includes personal factors, job content factors, work environment factors and external factors.

## **2.3 CAUSES OF EMPLOYEE TURNOVER**

Over the years, a significant amount of research has been done on employee turnover. Many employees in different industries leave their job because of multiple internal and external factors. Different writers states that employees quit because of their supervisors, lack of trust, communication, lack of familiarity, unfair treatment of employee, low wage, hard working environment, and others. Because of this,

organizations miss their customers and client face poor operating system or low productivity (Flex, 2012).

### **2.3.1 Lack of Training and Development**

Training defined as the teaching and learning activities carried on purpose of helping employee of an organization to acquire and apply the knowledge, skills, abilities needed by the organization (Manoj, 2000). In other word training is an act of increasing the knowledge and skills of an employees for doing a particular job.

As training and development is an organized procedure by which employee of organization gain knowledge, for new recruited employee training is a transaction or adaptation from theoretical approaches to practical situation. And for experienced employee it is a process of reorientation to meet the additional job requirement (Manoj, 2000). It enables employees to coup-up with rapidly changing technology and the organization gain competitive advantage through its trained or skilled employees Frank (2011) on his research commented that the quality of employees and their development through training and education are major factors in determining organizations long term profitability. Accordingly, Frank (2000) stated that training provided by employee raised productivity almost by 16%.

A survey conducted in Kenya sugar factory Hannah (2012) indicated that lack of training and poor training handling system was one of the major factors causing employees to leave their organization. The company conducts or provides limited chance of training for its employees assigned in different work area.

Different researchers identified that inadequate training and development program that not goes to specific needs of employees led to job dissatisfaction. Regardless of their position and title, employees forced to leave their organization due to the absence of training (Sadra, 2012).

In today's global economy, knowledge is becoming basic capital and the trigger of development. Modern organizations therefore, use their resources (money, time) for training and development of employees and to retain them. The prioritization of training and development retain the knowledge and skill of employee within their jobs and boost competitive advantages of the organization. Different writers agree that training and development can provide a measurable return on investment are revenue generation, productivity/performance improvement and cost reduction to investigate aspects of employee turnover like causes and retention strategies.

### **2.3.2 Job Satisfaction**

Employee satisfaction has influence on employee turnover in organizations. The implication of this fact is that the extent to which an organization is able to achieve its objectives depends on the level of job satisfaction that is available to its workers. It has long been thought to have a significant effect on job performance.

In its most basic sense, job satisfaction is a positive emotional state resulting from evaluating one's job experiences. Job dissatisfaction occurs when these expectations are not met. If an employee expects clean and safe working conditions on the job, then the employee is likely to be dissatisfied if the workplace is dirty and dangerous. Job satisfaction has many dimensions.

Commonly noted facets are satisfaction with the work itself, wages, and recognition, rapport with supervisors and coworkers, and chance for advancement. Each dimension contributes to an individual's overall feeling of satisfaction with the job itself. When circumstances such as stated above as the nature of the job, supervisors and coworkers, pay levels, or the employee's own disposition cause the employee to become dissatisfied with the job and lead him to avoid the work situation physically, mentally, or emotionally (Noe and Gerhart 2003).

Dissatisfied employee first they psychologically remove themselves from the job and exhibit a very low level of job involvement. Writers agree that human positional for good work is enormous, given the right environment. But in many cases both in developed and developing countries managers give less value for human and more concern about technology.

In a working areas employees are interact with supervisors and colleague (fellow employees) and this influence employee feelings about job satisfaction. Henman, Schwab, Fossum, and Dyer (2000) defined Job satisfaction as depending on an evaluation the employee make of the job and the environment surrounding the job.

The number of people who are dissatisfied with their jobs nationally varies with the unemployment rate. Higher unemployment rates usually mean more dissatisfied workers because it is more difficult to change jobs, and people stay longer on jobs they do not like. Those workers who are mostly satisfied with their jobs vary from 60 to 85 percent of the total. These numbers are similar to those found in Europe when employees are asked about satisfaction with their jobs. Individual managers seem to have a greater impact on employee satisfaction than the company itself.

As researcher revealed, there is no simple formula for predicting a worker's satisfaction. Furthermore, the relationship between productivity and job satisfaction is not entirely clear. The critical factor is what employees expect from their jobs and what they are receiving as rewards from their jobs. Although job satisfaction itself is interesting and important, perhaps the "bottom line" is the impact that job satisfaction has on organizational commitment, which affects the goals of productivity, quality, and service.

### **2.3.3 Lack of Career Development**

According to Armstrong (2003) Lack of potential for advancement or promotions has caused many mid-level executives to leave companies. They prefer companies where there is career mobility and increased compensation packages. Companies need to evaluate and analyze their succession planning policies in a way that is deemed to be fair and based on performance.

Organizations should seek to manage employees' perceptions of career opportunity if they wish to retain career-oriented employees. If organizational career paths do not lead to opportunities that match those desired by employees, they may choose to look for alternative jobs in the hopes that another organization will offer more desirable job paths. Given the high costs associated with staffing and turnover, expenditures for development support may be well justified, but only when employees perceive that there are career opportunities within the organization that match their career goals and interests (Cascio, 2003).

In another contribution Donald (1999), explained that existence of career development opportunities like staff training in organizations helps to minimize employee turnover rates. This view was supported by Harris (2002) who affirmed that in every organization, there are generally two groups that direct the career development process: upper management and human resource personnel. Managers, for example, might have the responsibility of making sure the needs of a business coincide with the employee's career goals to achieve an overall balanced work atmosphere. They will often identify the skills, experience, and knowledge employees need in order to provide their best possible work.

Cascio, (2003) poses that Human resource (HR) personnel are often responsible for providing career development information programs for employees and offering of



study leave to employees helps to promote career development in organization. Professional networking is usually important, and as a result, employees might get tools to start networking from the HR department. HR managers also usually provide a compensation structure that compliments business needs but also allows individual career growth. For example, employees who have exhibited a certain improvement or growth in needed skills might be promoted and given a raise.

#### **2.3.4 Pays and Benefits Conditions**

Turnover depends on employee perceptions of the desirability and easy of movement. Employees seek to improve their employment conditions when they change job. Therefore, employees in an organization improve their pay level if they obtain a new job before the leave their present job. Herbert, Donald, John, and Lee (2000) stated organizations pay level is a potentially important direct influence on voluntary turnover. In this knowledge era, where pay is one of a determinant factor, employees quits current job and accept the job with higher pay opportunity. Therefore, organizations critically aware that low wage rate will result into higher employee turnover and separation.

Pay level is not the only reason for employee's turnover and separation but also, pay system whereby employees can be satisfied or dissatisfied with the organizations pay system. Pay system based on the seniority of employees or per the performance appraisal. Employees are satisfied with existing pay system if they believed that rewards or incentives are paid based on fairness and considered seniority or performance evaluation of all employees (Herbert, Donald, John, and Lee, 2000).

For all the concerned with positive relationship and interesting work, it is important to keep in mind that employees definitely care about their earnings. A job is the primary source of income and financial security for most people. Pay is also is an indicator of

status within the organization and in society at large, so it contributes to some people's self-worth. For all these reasons, satisfaction with pay is significant for retaining employees. Decisions about pay and benefits are so important and complex.

With regard to job satisfaction, the pay level is the amount of income associated with each job is important. Employers seeking to attract another organization's employee often do so by offering higher pay. Benefits such as insurance and vacation time are important, but employees often have difficulty measuring their worth. Therefore, benefits influence job satisfaction, employees may not always consider them as much as pay itself (Noe and Gerhart, 2003).

Most studies stress the importance of compensation in attracting and keeping or reducing turnover and separation, particularly for workers whose skills and responsibilities are unique or indispensable to the organization or for the worker whom the organization invests considerable resources in recruiting and training programs. According to Clarence and Alex (2004) companies in highly competitive local labor markets expected to pay highly competitive rates against their competitors in each of their job classifications, either it is semi-skilled or unskilled position.

Merit pay can play in attracting and minimizing employee turnover. Gedefaw (2012) on his research claimed that, salary and benefit were one of the major reasons for teachers' dissatisfaction. Low level pay has made a significant impact on teacher's classroom performance and on the quality of education.

### **2.3.5 Work Environment**

Employees must have the necessary tools to perform their duties. This includes the proper equipment, machinery and computer technology as well as adequate lighting, work space and ergonomically-correct seating. Poor working conditions due to physical elements lead to low productivity and overall job dissatisfaction. The latter,

particularly when left unaddressed, leaves employees feeling unappreciated and they ultimately leave (Bratton, 2003).

According to Moureen (2004) work environment is also one of the main causes for employee turnover. Employees prefer to work in an environment which is suitable for them. This is the most common reason why they jump from company to company in just a few months. If they find an appropriate work environment in a specific company, they may work in the same organization for several years.

Homer, (2007) contends that safe working environment leads to increased level of employees' job satisfaction and helps the organization to retain employees for a long time. Unsafe working environments like non-standard work environments have a wider range of types and styles. Some nonstandard environments have a lot in common with standard ones. For instance, in the case of a construction site, there is no activity without the workers and it is typically empty when no one is working. On the other hand, this environment is often outside and temporary, two factors that separated it from a common office.

Spencer (2001) Poor furniture and working equipment lowers the level employees' job satisfaction and this plays a role towards realization of increased employee turnover rates.

Breugh, (2000) argued that lack of open office layout leads to isolated working environment that lowers hinders employees from interacting freely with the other and hence influences cases of employees' turnover. Also to make work environment suitable, organization should be prepared in case of an emergency situation. A first aid kit and emergency food and water supplies should be stored accessibly with the items changed periodically to ensure freshness. Emergency preparedness drills and meetings

can help your company work towards a safe work environment as would be possible in cases of a natural disaster such as a flood.

## **2.4 MITIGATING STRATEGIES OF REDUCING EMPLOYEES' TURNOVER**

### **2.4.1 Training and Career Development**

According to Robert (2006) continual training and reinforcement develops a work force that is competent, consistent, competitive, effective and efficient, beginning on the first day of work, providing the individual with the necessary skills to perform their job is important. According to Fredrick (2010) before the first day, it is important the interview and hiring process expose new hires to an explanation of the company, so individuals know whether the job is their best choice.

Johnston, (1997) argued that organization that is not committed to employees skills development discourages exposure of employees to career development programs and this contributes to realization of increased staff turnover. Regardless of company leadership, employees have the primary responsibility to make sure their career development goals proceed how they want them to. Typically, employees assess what they want from their job currently, as well as in the future. Employees often work with their supervisors to figure out what training, professional development, or continued education options are available to them.

Buttrick (2009) observed that sometimes, career development is explored by people who are not employees of a business. Instead, these people might be interested in creating a set of guidelines to help them to choose a career and get hired by a desired company. This typically involves a self-assessment in which a person usually considers things that he or she is naturally good at or has experience in. Organization that sponsors employees to attend seminars and short term courses outside the organization provides employees with an opportunity for career development.

## **2.4.2 Remuneration**

Remuneration is the most common cause of the employee turnover rate being so high. Employees' value jobs that compensate them well (Gupta, 2008). Companies that do not offer good salaries, tend to face the highest turnover. To avoid this scenario, companies should strive to be competitive enough in order to retain qualified and talented personnel.

Gupta (2008) affirmed that employees always flock to companies who offer more benefits. There are many employees who are not aware of the benefits that are provided to them in their compensation package. The employers need to reduce their bureaucratic procedures in order for the employees to receive the best available benefits without any difficulty. They should make a note of what all benefits other organizations are providing, which may attract their current employees (Gupta, 2008).

A study by Nelson (2009) found out that salary scale is the most common cause of the high employee turnover rate in many micro finance institutions in Africa. Employees are in search of jobs which pay well when microfinance institutions which they are working for don't offer good salaries, they tend to hunt for jobs that pay them considerably well. In order to resolve this problem, the employers should make it a point to offer salaries that would be competitive enough to retain and attract well-qualified and talented personnel. Unsatisfactory performance appraisals are also one of the reasons for employees leaving a company.

Abraham (2009) found out that employees always flock to companies who offer more benefits. There are many employees who are not aware of the benefits that are provided to them in their compensation package. The employers need to reduce their bureaucratic procedures in order for the employees to receive the best available benefits without any difficulty. They should make a note of what all benefits other organizations are providing, which may attract their current employees.

Richard (2008) found out that the prime reason why many mid-level executives leave the organization is lack of potential opportunity for advancements or promotions; they prefer other companies which may provide them with higher posts and increased compensation packages.

### **2.4.3 Work Environment**

A study by Trevor (2004) found out that work environment is one of the main causes for employee turnover. Employees prefer to work in an environment which is suitable for them. This is the most common reason why they jump from company to company in just a few months. If they find an appropriate work environment in a specific company, they may work in the same organization for several years.

Dubois (2004) states that organizations that create work environments that attracts, motivate and retain hard working individuals will be better positioned to succeed in a competitive environment that demands quality and cost efficiency.

According to Linda (2002) one of the largest factors that determine employee turnover rates is the workplace atmosphere. Employees need to feel respected and important to the business, as opposed to expendable. How managers and supervisors behave towards employees is of particular importance, since many employees will have to deal with management on a daily basis and may rely on them for workplace reviews, raises, and requests for vacation or sick leave. Promoting a work environment that fosters personal and professional growth promotes harmony and encouragement in all levels of organization (Martin, 2005).

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

Research Design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses and their operational implications to the final analysis of data.

There are different types of research methods to conduct studies. However, among those methods this research was employed descriptive type of research method to gather information about the present causes of employee turnover at ERCA conditions. The researcher reasons to select this method is that the researcher has no control over the variables. This method is also used to measure and used some qualitative information to know the current conditions of Ethiopian Revenues and Customs Authority with regard to employee turnover causes.

Both quantitative and qualitative data were utilized to conduct this study. Qualitative and quantitative researches provide both an in-depth look at context, processes, and interactions and precise measurement of attitudes and outcomes. In this mixed method the presentation of the results can be convincing and powerful (Marguerit, Dean, and Katherine, 2006). The quantitative approach was applied to identify causes of employee turnover in Ethiopian Revenues and Customs Authority. Some qualitative information was also gathered from the organization by using interview check lists.

## **3.2 POPULATION AND SAMPLING TECHNIQUES**

### **3.2.1 POPULATION**

According to the ERCA Human Resource Management 2008E.C report, the total number of employees currently working in the Head Office of the authority is 620. The target populations are those 620 employees currently working in 3 departments at head office of ERCA and those accessible employees voluntarily leave the authority. The accessible population of the ex-employees refers to 186 employees who left the authority during the period under review. The study considers a case study of ERCA since its one of the government organizations that has been experiencing employees' turnover challenges.

### **3.2.2 SAMPLING TECHNIQUES**

Sampling is the process of selecting units (e.g., people, organizations etc...) from a population of interest so that by studying the sample the student researcher generalizes our results back to the population from which they were chosen. (Donald R. and Pamela S., 2005) state several compelling reasons for sampling among them lower cost, greater accuracy of results, greater speed of data collection, availability of population element are the major criteria.

The study used stratified random sampling techniques for current employees. Stratified sampling is used to achieve representation of the respondents. The respondents are stratified on the basis of their gender. The stratified sampling is applied in order to identify the number of sample employee selected from each department.

Purposive sampling technique was employed to select department heads since they have the knowledge about the employees under their supervision and are concerned with staff turnover and employment process.



Scholars do not agree on the exact proportion of the accessible population that should form the sample size. Mugenda and Mugenda (2003) suggest that in descriptive studies 10% of the survey population is representative enough to generalize the characteristics being observed. In this study therefore 10% of the accessible population constituted the sample size. Therefore, in this study, samples of 62 existing employees and 20 ex-employees, 1 department heads was selected from all departments.

### **3.3 TYPE OF DATA AND TOOLS OF DATA COLLECTION**

#### **Type of data**

The study uses both primary and secondary data in order to get a view on the possible causes of turnover.

Primary data was collected by a questionnaire that was developed by the researcher on the basis of literature and interview.

Secondary data were gathered through document analysis. Document analysis was made to gather necessary information on number of employees exist and who left their job voluntarily or forced, retired. Further data analysis was also made to get relevant information what action was taken by manager or prerequisites were taken on the employee left their job. These data support the primary data for analysis of the qualitative part of the research

#### **Tools of data collection**

The questionnaire has been taken as a preferable data gathering tool for this research because it allows the researcher to collect information on facts and attitudes from a wide range of sources.

The researcher was used Likert scale which enables to understand respondents' degree of agreement with each statement. The completed questionnaires have provided useful information in such a way that the respondents may reveal their attitudes on issues relating to employees turnover causes that was used to understand them as factors in the authority.

Furthermore, interviews were conducted with the HR Manager of the authority so as to assist in the analysis of data to confirm and further explore the results. The interview gives freedom to explain and discuss his/her view on the issue more freely. The questionnaire on the other hand can address large number of respondents as well as gives considerable time to discuss their views. The questionnaire can also be managed with lower cost than other tools. .

### **3.4 PROCEDURES OF DATA COLLECTION**

The researcher developed a questionnaire that believed to be addressing the entire factors/variables essential to respond the research questions were incorporated. Before distributing the questionnaires, the researcher consults the advisor about the appropriateness and relevance of the contents in the questionnaire.

The questionnaires were distributed to existing as well as ex-employees of the authority.

Introductory letters were taken from St. Marry University to the management of ERCA to officially seek permission for the employees to participate in the study. After permission had been granted the researcher briefed the employees as to what the study is about in order to get the needed attention, support and co-operation of the staff. The questionnaires then hand-delivered to all 62 respondents by the researcher and collection was made.

The researcher made an appointment with the HR manager of the authority for the structured interview, and did the interview on the time schedule for 45 minutes and recorded by the researcher.

### **3.5 RELIABILITY AND VALIDITY ASSURANCE**

For every research project, it is of great importance for the researcher to clearly manifest validity and reliability. Reliability refers to the “extent to which your data collection techniques or analysis procedures will yield consistent findings” (Saunders *et al.*, 2009, p158). Validity on the other hand is “concerned with whether the findings are really about what they appear to be about”. (Saunders *et al.*, 2009, p158).

Cronbach’s Alpha coefficient was used to measure reliability and validity assurance.

The reliability and stability of questionnaire were determined from the score of each measurement (Hair *et al.*, 2006). When the reliability value above 0.7, the item is usually viewed as the ideal item and could be used in data collection. The Cronbach’s Alpha score of the questionnaire ranges from 0.734 to 0.886. It means the questionnaire have reliable and confirmed the role of reliability test.

### **3.6 METHODS OF DATA ANALYSIS**

After the ascertaining the reliability of the instruments, the researcher proceeded to administer the area of study. Information obtained from questionnaire, interview and documents was analyzed, coded and updated according to coding framework. Data’s conducted through interviews was recorded and analyzed and data’s obtained through questionnaires was coded and analyzed using statistical package for the social science software (SPSS). Then the analyzed data is presented using tables and the data were enhanced using the logical link between the research problems, theoretical background and the results.

The researcher used descriptive statistics such as frequency counts and percentage and interpreted according to the findings and finally triangulated data's obtained both in questionnaire and interview analysis.

### **3.7 ETHICAL CONSIDERATIONS**

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. The researcher assured the purpose of the research paper and confidentiality of any information gathered through questionnaire on the introductory part of the paper. During data gathering some respondents didn't show willingness to respond to the questionnaire but, the researcher approached and explained the purpose and assured the confidentiality.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

This chapter deals with the analysis and interpretation of the data collected from the former and current employees of the Ethiopian Revenues and Customs Authority through the distribution of questionnaires and the interviews sessions arranged with the HR manager of the Authority.

Out of the 62 questionnaires which were distributed to current employees 52(84%) were completed and returned. Moreover, out of 186 employees of the authority who were left voluntarily from head office under the period ended June 2008 E.C, 20 who are accessible was selected for the study. Out of this category of respondents 16(80%) responded and returned the completed questionnaire. Since the return rate of the questionnaires distributed is more than 50%, the researcher is confident that the data obtained from the respondents will be sufficient enough to come up with realistic conclusions.

#### **4.1 CHARACTERISTICS OF THE RESPONDENTS**

The characteristics of the respondents were assessed from the point of view of gender, marital status, age range, level of experience and total year of services in the Authority. Accordingly, analysis and interpretation of the data obtained from the respondents are presented as follows:

**Table 1. Demographic Profile of Respondents**

ITEM	Existing Employees		Ex-Employees	
	N	%	N	%
<b>Gender</b>				
Male	32	62	10	63
Female	20	38	6	37
Total	52	100	16	100
<b>Marital Status</b>				
Married	24	46	5	31
Single	28	54	11	69
Total	52	100	16	100
<b>Age</b>				
18-30 yrs.	35	67	13	81
31-40 yrs.	15	29	3	19
41-50 yrs.	2	4	-	-
51 yrs and over	-	-	-	-
Total	52	100	16	100
<b>Level of Education</b>				
High school graduate	-	-	-	-
College diploma	-	-	-	-
BA/BSc degree	45	87	15	94
Master's degree	7	13	1	6
PhD holder	-	-	-	-
Total	52	100	16	100
<b>Working Experience</b>				
Less than 1 year	6	12	9	56
1 – 3 Years	9	17	4	25
3 - 5 Years	21	40	1	6
Above 5 Years	16	31	2	13
Total	52	100	16	100

*Source: Questionnaire, 2016*

Table 1 shows the breakdown of the sample respondents selected from the ex-employees and current employees of ERCA in terms of gender composition, marital status, age range, educational qualification and length of service.

The research tried to make gender based composition in all section of work units and also make balanced in the data gathering process. From all respondent of existing employee, 32(62%) are male and 20(38%) are female respondents. From former employees 10(63%) are male and 6(37%) are female respondents.

Relating to marital status as shown in table 1 also shows that, 24(46%) and 5(31%) percent of current and ex-employees respondents respectively are married, and the rest, that is 28(54%) and 11(69%) percent of current and ex-employees respectively are single.

Age of respondent's has been categorized into four groups. Accordingly, from all currently working respondent's 35 (67%) of respondents were between 18-30 age range, 15(29%) between 31-40 years old, and the remaining 2(4%) respondents are between 41-50 years old. As indicated on the table 1 above, majority respondents of existing employees aged between 18-30 years old. Former employee age distribution; 13(81%) are aged between 18-30 years old, and the remaining 3(19%) respondents are between 31-40 years old.

In an attempt to ascertain academic qualification, respondents from existing as well as former employee were requested to provide their qualifications. The qualification was categorized into five parts. From data's gathered, 45 (87%) of respondents are BA degree holders and 18(24.65%) are Master's degree holders who are working in different departments at head office of the authority. Regarding ex-employees academic qualification of respondents 15(94%) are BA degree holder, and 1(6%) have post graduate degree.

Respondent from existing employees were asked how long have been served in the authority. Thus, for analyzing and interpreting of data's, the respondent's year of service was categorized into four groups. Thus, as summarized in the table 1 above, about 21(40%) of the respondents from existing employee have been serving from 3-5 years in the authority, 16(31%) have been served more than 5 years, 9(17%) respondents served 1-3 years and 6(12%) have been served the authority less than 1 years. The former employee response on service year distribution indicated that, 9(56%) of respondents were served the authority less than 1 years, 4(25%) were served between 1-3 years in the authority, 1(6%) served between 3-5 years and 2(13%) were in the authority more than 10 years.

## **4.2 DATA ANALYSIS AND INTERPRETATION**

The previous section dealt with the general background of the respondents and this section presents the analysis and interpretation parts. The primary objective of the data gathered was to understand trends and causes of staff turnover of the authority. All questionnaires or data collected pointed out why employees leave their current job and what feeling do the existing employees have regarding the turnover.

The questionnaires were designed according to Likert-scale type that respondents have to indicate whether they strongly agree, agree, neutral, disagree, and strongly disagree for each statement. Numeric values (5, strongly disagree and 1 strongly agree) were assigned to enable the quantitative analysis of the results. Descriptive statistics frequency and percentage were used to present and analysis the data gathered through the questionnaire.

Hence, the analysis and interpretation of the data are presented following each table accordingly.



#### 4.2.1 TRAINING AND CAREER DEVELOPMENT RELATED FACTORS

Employees want to be motivated, grow and develop job and career enhancing skills and knowledge such opportunity of growth and development gains through training and development which is one of the most important factors for employee to retain on their job and reduce costs related to turnover.

**Table 2. Current employees view on training and career development related factor**

No	Item	Scale	Total number of respondents = 52									
			SDA		DA		N		A		SA	
			Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	The Authority arranges continuous training and development programs to enables my professional growth		6	12	23	44	8	15	14	27	1	2
2	Job training and career advancement are given in a fair manner		5	10	19	36	15	29	13	25	-	-
3	I believe that lack of career development is one of the reasons for employees to leave the Authority.		5	10	9	17	12	23	24	46	2	4

**Source: Questionnaire, 2016**

**Note:** SDA=Strongly Disagree; DA=Disagree; N=Neutral (neither Agree nor Disagree); A=Agree; and SA=Strongly Agree

As of the data picked up from table 3 of item (1) evidenced that, 29(66%) of the current employee respondents feel that the authority does not arrange continuous training and development programs to enable professional growth whereas 15(29%) of the respondents attained continuous training and development programs arranged by the authority to alleviate their professional growth. Congruently, 8(15%) persevere with neutral. The data shows that, the majority of the respondents did not receive any kind of training which could have a significant impact on reducing employee turnover in the Authority.

As stated on table 3 of item 2 above; existing employee respondents were requested that training and career advancement are given in a fair manner. Hence, 13(25%) of respondents agree, 15(29%) neutral, 19(36%) disagree, and 5(10%) strongly disagree with the statement. The overall response shows that 46% of the respondents agreed that training and career advancement are not given in a fair manner and 25% agreed with statement. Therefore, the authority should deliver training and career advancement program in a fair manner

The findings reflected in table 3 of item 3 above for the statement 'lack of career development is one of the reasons for employees to leave the Authority' show that 2(4%) of the respondents strongly agreed, 24(46%) agreed, 12(23%) remained neutral, 9(17%) disagreed and 5(10%) strongly disagreed with the statement. The result indicates that, the 26(50%) of current employees respondents that employees leave the authority because of lack of career advancement programs in the authority. This implied that the issue raised in this regard is a critical symptom for the existence of potential turnover in the authority.

#### **4.2.2 JOB SATISFACTION RELATED FACTORS**

Respondents from current staff were requested whether employee who work more rewarded with better appraisal and promotion. The data collected from the respondents of existing employee as stated on item 1 of table 5 below, exhibit that, 11(21%) strongly disagree, 23(44%) disagree, 14(27%) remained neutral, and 4(8%) agree with the statement that, employee who work more rewarded. The overall findings indicated that, 65% of respondents are disagree with the statement that employees who work more rewarded with better appraisal and promotion. This will be potential sources for skilled employee's turnover.

**Table 3. Current Employees Satisfaction with their Job**

No	Scale Item	Total number of respondents = 52									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	Employees who work more are rewarded with better appraisal rate and promotions.	11	21	23	44	14	27	4	8	-	-
2	I feel secured in my job	18	34	14	27	4	8	12	23	4	8
3	Qualification & experience were fairly considered on employee promotion	5	10	22	42	14	27	10	19	1	2
4	I am satisfied with the current work load	1	2	8	15	12	23	17	33	14	27
5	Management address work related issues to dissatisfied workers	9	17	25	48	13	25	4	8	1	2

**Source: Questionnaire, 2016**

Employers should work on employees to develop their confidences and to feel secured in their jobs. It is obvious that, if employees are not feeling secured in their job they have not worked with confidences and they don't want to take risks on behalf of the organizations. As shown above, current employee of the authority was asked their level of agreement regarding the questions in item 2 of table 5. Accordingly, as can be seen from the response 22(61%) of the respondent are not feel secured in their job while 16(31%) of them are feel that they are secured in their job. Besides, 4(8%) remain neutral. This implies that more of the current employees' respondent feels they are not secured in their job. It is obvious that employees are not feeling secured in their job they look for another job; this by itself fuel employee turnover. So, the result implies that not feeling secured in the job will be the source of employee turnover.

Employees are staying reasonable period of time in the organization to be benefited from the service year in the organization to get experience and considered by the organization during promotions based on their service year. Thus, the respondents were asked to reflect their feelings on the statement under table 5 of item 3 above, 1(2%) of respondents strongly agree, 10(19%) agree, 14(27%) remains neutral,

22(42%) disagree, and 5(10%) strongly disagree with the statement that asks on considerations of qualification and experience on promotion. The overall response shows that 52% of the respondents are not happy with the promotion strategy that the authority uses currently this could will be potential sources for skilled employee's turnover.

Satisfaction level of employees with current workload determines feelings of employees to stay or leave their current job. In addition to this, organizations ability to achieve its objectives depends on the level of job satisfaction that are obtained from the work. As stated on in item 4 of table 5 above, 14(27%) of respondents of existing employee are strongly agreed, 17(33%) agreed, and 12(23%) neither agreed nor disagreed with the statement. Besides, 8(15%) disagree, and 1(2%) strongly disagree with the statement. The overall value shows that majority of the respondents are satisfied with their current work load. This means satisfaction with work load enables to provide quality service and reduces work stress.

Management ability to retain its employee and keep them with their knowledge gives a competitive advantage and increase service quality and productivity. Accordingly, employees were requested either management is addresses work related issues to dissatisfied employees. The data collected from respondent of existing employee as indicated in the last item of table 5 above revealed that, 1(2%)strongly agree, 4(8%) agree with the statement, 13(25%) remains neutral, 25(48%) disagree, and 9(17%) strongly disagree with the statement that managers are addressing work related issues to dissatisfied employees. This means employees don't feel their respective managers did not address their work related issues.

### **4.2.3 PAY AND BENEFIT CONDITION RELATED FACTORS**

Salary and other benefit packages of the organization enable employee to remain on their job. Writers stated that the most common reason for employee turnover rate

being so high is the salary scale since employees are usually in search of jobs that pay well. Herbert, Donald, John, and Lee (2000) stated organizations pay level is a potentially important direct influence on voluntary turnover. In this knowledge era, where pay is one of a determinant factor, employees quits current job and accept the job with higher pay opportunity. Therefore, organizations critically should aware that low wage rate will result into higher employee turnover and separation.

Accordingly, The data collected from respondents of existing employees as indicated in the table 7 item 1 below, reveals that 28(54%) of respondents disagree with the statements that salary scale and other benefits motivated to stay in the authority and 13(25%) of respondents are agree with the statement. On the other hand, 11(21%) remain neutral. In other words majority of respondent are agreed that salary of the authority is not attractive and employees are dissatisfied in this regard. This means, dissatisfaction with pay drastically leads declining in the service of the authority and increase turnover rate

**Table 4. Existing employee response on pays and benefit related factors**

No	Scale Item	Total number of respondents = 52									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	Attractive salary and benefits are the major drivers that makes me stay in my current job	6	12	22	42	11	21	8	15	5	10
2	I feel well paid in comparison with my qualification & experience	12	23	23	44	10	20	7	13	-	-
3	I feel the amount of pay I receive for my job is about equal to other doing similar job in other organizations	9	17	25	48	12	23	6	12	-	-
4	The salary you are getting compensated your work load	18	35	20	38	11	21	3	6	-	-
5	The Authority is impartial for over all benefits of employees	5	10	19	37	21	40	7	13	-	-

**Source: Questionnaire, 2016**

According to the findings in item (2) of table 7, majority of the respondents which is count for 25(67%) felt that they didn't paid well in comparison to their qualifications and experience. On the other hand, 10(20%) remain neutral. Moreover, 7(13%) of the respondents confirm that they had been paid in accordance to their qualification and experience. The result of the findings shows that current employees perceive that they have not got good payment and compensation in comparison with their qualification and experience. So, the authority should adjust their salaries and other payments as soon as possible to retain qualified and experienced employees.

In most cases, employees jump from company to company even for slight increments on their salary. However, if their company pays them as better as those employees doing similar work in a competitive company, they can stay longer period in the company. In view of that, as can be observed from item (3) of table 7, the respondents were asked to ascertain whether they have obtaining equal payment or not as compared to other employees working similar job, 34(65%) of the respondent feel that the payment of ERCA compared to other organizations working similar job payment to their employees is not equivalent. Conversely, 6(12%) of the respondent feel that the payment they obtained are equal with other organization employees working similar job. The rest, 12(23%) of the respondents remain neutral. Hence, the authority has to review the salary scale to motivate the current employee and make happy in their job.

Respondents of current staff were asked whether the salary compensated the work load. Accordingly, 18(35%) of respondents are strongly disagree, 20 (38%) disagree, 3(6%) agree, and 11(21 %) remains neutral. This means 73% in general disagree and 21% are agreed that the salary compensated the work load. Therefore, the authority should adjust pay structure that compensate the work load and thereof decrease employee turnover.

With regard to the authority impartiality over all benefits of employee, respondents were responded as follows. 5(10%) of respondents are strongly disagree with the statement that “the organization is impartial over all benefits of the employees”, 19(37%) disagree, 7(13%) agree with the statement and the remaining 21(40%) remains neutral. This means impartiality could not be the reason for employees to leave the authority.

#### 4.2.4 Working Environment Related Factors

Work environment is also one of the main causes for employee turnover. Employees prefer to work in an environment which is suitable for them. This is the most common reason why they jump from company to company in just a few months. If they find an appropriate work environment in a specific company, they may work in the same organization for several years.

**Table 5. Response on Work environment related factors from current Employee**

No	Scale Item	Total number of respondents = 52									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	Work env't is comfortable to perform a job	12	23	15	29	11	21	13	25	1	2
2	Good working env't is the major driver that would make you stay in the authority.	4	8	19	36	5	10	16	31	8	15
3	The work load is divided equally among all employees of the Authority	6	11	16	31	14	27	12	23	4	8
4	Your immediate boss arrange flexible working conditions	3	6	8	15	13	25	24	46	4	8

**Source: Questionnaire, 2016**

As of the data picked up from table 9 of item 1 evidenced that, 17(52%) of the current employee respondents feel that the working environments is not comfortable to perform a job, On the other hand, 14(27%) of the respondent agreed to the statement

that the working environments is comfortable to perform a job. Besides, 11(21%) remained neutral. From the result revealed, it can be say that the work environment is not favorable employees to perform a job.

Working environment is one of reasons for employee to leave their job and from the data distributed among respondents of existing employee as stated on item 2 of table 9 above, 8(15%) strongly agreed, 16(31%) agreed, 19(25.3%) neither agreed nor disagreed, 19(36%) disagreed, and 12(23%) strongly disagreed with the statement that working environment is the major drive that could make to stay or leave the authority. From the above existing employees response for the statements, even though working environment is one of a reason for employee to leave their job, majority of the respondents accepted that the working environment is conducive, good, and attractive to perform the duties they assigned on.

Fair and equal distribution of work load among the worker was one of the questions forwarded among respondents of existing employees. Accordingly 22(43%) of respondents are disagreed, 16(31%) agreed with the statement and on the other hand, 14(27%) of respondents remains neutral. This means that majority of the respondents of existing staff argued that the work load is not equally distributed among all employee of the authority at its Head Office.

Regarding flexibility on the working conditions respondents of existing employee were requested either the immediate boss arranges flexible working condition. As indicated on the last item of table 9 above, 11(21%) disagreed, 28(54%) of the respondent are agreed, and 13(25%) neither agreed nor disagreed with the statement that immediate boss arranges flexible working conditions. This means the immediate bosses of head office employees create favorable working environment for his respective employees.



**Table 6. Training and career development as reason for turnover**

No	Scale Item	Total number of respondents = 16									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	I resign because the Authority fail to deliver continuous training and development programs	-	-	-	-	2	13	9	56	5	31
2	I resign because of job training and career advancement are given in unfairly manner	-	-	1	6	5	31	7	44	3	19
3	There was structured career development system in the organization	2	13	5	31	8	50	1	6	-	-

*Source: Questionnaire, 2016*

A lack of training and development opportunities are some of the major reasons for voluntary turnover. Accordingly, as can be seen from item 1 of table 4 above, respondents were asked to confirm whether the authority arranged continuous training and development programs to develop their skills. As the data show, 14(87%) of the respondents confirm that the authority did not arrange continuous training and development programs to develop their skills. On the other hand, 2(13%) remained neutral. Hence, the data reveals that one of the reasons for respondents to leave the authority was because of not obtaining continuous training and development programs from the authority to develop their skills.

Regarding to fairness of training and career advancement programs on item 2 of table 4 above, 3(19%) of the respondents strongly agreed, 7(44%) agreed, 4(31%) remained neutral, and 1(6%) disagreed with the statement. The result indicates that majority of respondents leave the authority because of the unfairness on delivery of training and career advancement program in the authority.

The above table 4 of item 3 results show that, 1(6%) of the respondents agreed, 8(50%) remained neutral, 5(31%) disagreed, and 2(13%) strongly disagreed with the statement on the availability of career advancement program in the authority. The

response implies that, greater than half of respondents are not aware of availability of structured career advancement program.

**Table 7. Ex- Employees Satisfaction with their Job**

No	Scale Item	Total number of respondents = 16									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	Unfair rewards and promotion systems would drive me to leave my previous job.	-	-	2	13	-	-	10	62	4	25
2	I left the Authority because I had not feel secured in my job	-	-	-	-	1	6	8	50	7	44
3	I left the Authority because qualification & experience were unfairly considered on employee promotion	-	-	4	25	2	13	1	6	9	56

**Source: Questionnaire, 2016**

Unfair rewards and promotion systems can cause a high turnover rate for any organization. Besides, when employees are put in one place for long time without promotion possibly will leads them to the feeling that the job does not have good promotions and finally chooses to quit the job. Thus, as can be seen from item (1) of table 6, 14(87%) of the respondents agreed, and only 2(13%) of the respondents disagreed. Therefore, the largest parts of the respondents leave the authority due to unfair rewards and promotion systems. Due to this, the authority is losing its experienced and qualified employees.

Employees always need to be secured in their job. When employees feel that they are not secured in their job they hunt another job in another organizations. Accordingly, the responses from the respondent on item (2) of the above table shows that, 7(44%) strongly agreed, 8(50%) agreed, and 1(6%) remains neutral. The data clearly shows that majority of the respondents which is 15(94%) of them was not feels secured in their job. Thus, the authority should give guarantee to their employees to feel that they

are secured in their jobs. Otherwise, employee's turnover rate is not minimized in the authority.

Unfair consideration of qualification and experience for promotion could be another source of turnover. When employees do more work and get better experience and become more qualified and demand promotion. If their qualification and experience are not considered for promotion, they look for other organization. As it can be showed on item 3 of table 6, 10(62%) of respondents indicating that their qualification and experience was not considered for promotion and the opportunity were not been equal to other employees. On the other hand, 4(25%) of the respondent accept that their qualification and experience was considered for promotion and the opportunity were equal to other employees. Besides, 2(13%) remained neutral. From the result revealed, it can be say that the authority is not giving equal opportunity to employees when there is a promotion. So, the authority should implement transparent promotion strategy that should disclose to the employees why they fail.

**Table 8. Ex-employees responses on whether salary and benefit package contributes on Turnover**

No	Scale Item	Total number of respondents = 16									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	Salary and benefits packages are the major drivers that makes me leave my previous job	-	-	-	-	2	13	5	31	9	56
2	I resigned because I don't feel well paid in comparison with your qualification & experience	-	-	1	6	5	31	8	50	2	13
3	I resigned because the salary I get at the authority doesn't compensate my work load	1	6	1	6	-	-	11	69	3	19
4	I resigned because the amount of pay you received for your job was not equal to others doing similar jobs			1	6	-	-	14	88	1	6
5	I resigned because I don't feel the Authority is impartial for over all benefits of employees	4	25	8	50	1	6	3	19	-	-

Source: Questionnaire, 2016

Scholars disclosed that dissatisfied employee first psychologically remove themselves from the job and exhibit a very low level of job involvement and ultimately leave the organization for better pay. So that salary and other benefit packages of the organization enable employee to remain on their job or leave for better pay. Accordingly, the data collected from respondents of ex-employees as indicated in item 1 of table 8 above, reveals that 14(87%) of respondents agree with the statements that salary and benefit package of the authority drives them to leave and 2(13%) of respondents remain neutral with the statement. In other words majority of respondent are agreed that salary and other benefit packages of the authority is not attractive and therefore, the authority should work on the salary scale as well as other benefit packages.

As stated on table 8 of item (2) above; ex-employee respondents were requested that they were well paid in comparison with qualification and experience they have. Hence, 10(63%) of the respondent confirmed that they didn't paid well in comparison to their qualifications and experience. On the other hand 1(6%) of the respondents confirm that they had been paid in accordance to their qualification and experience. Moreover, 5(31%) of the respondents remain neutral. The result reveals that, majority of the respondents feel their qualification and experience does not matter with the salary they receive and mentioned as one reason to leave the authority.

According to the findings in item (3) of table 8, majority of the respondents which is count for 14(88%) felt that the work load does not compensated by the salary they were received from the authority. Conversely, 2(12%) of the respondents felt that the salary they were received compensate the work load. This implies that the salary scale were the reason for ex-employees to resign from the authority.

Item 4 of table 8 shows that, to a larger extent for ex-employee respondents 15(94%) of them respond as they resigned because of difference in salary with other

organization employees who work similar jobs. The rest of the respondent count for 1(6%) feel that the salary were equal to others doing similar work.

According to the last item of table 8 above which ex-employees were asked whether they resigned because of impartiality over all benefits of the authority, respondents were responded as follows. 4(25%) of respondents are strongly disagree, 8(50%) disagree, 3(19%) agree with the statement and the remaining 1(6%) remains neutral. This means as majority of the respondents disagree with the statement, impartiality over benefit were not the reason for ex-employees to leave the authority.

**Table 9. Views of ex-employees on the influence of work environment on Turnover**

No	Item	Scale	Total number of respondents = 16									
			SDA		DA		N		A		SA	
			Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	I resigned because i am not satisfied with the overall work environment of ERCA		-	-	-	-	1	6	9	56	6	38
2	I resigned because i don't feel the work load is divided equally among all the organization employees		-	-	1	6	5	31	8	50	2	13
3	I resigned because my immediate boss did not arrange flexible working conditions		4	25	6	37	3	19	3	19	-	-
4	I resigned because the management did not addresses the work related issues to the dissatisfied employees		1	6	5	31	2	13	6	37	2	13

**Source: Questionnaire, 2016**

As indicated in item 1 of table 10 above, former employees of the authority were asked that dissatisfaction on working environment had an impact and was a reason for the resignations. And they responded that almost all 15(94%) of former employee responded that working environment had an impact for their resignation and 1(6%)

remains neutral. Therefore, the overall analysis confirmed that the working environment of ERCA is not favorable for doing a job.

The above table 10 of item 2 results show that, 2(13%) of the respondents strongly agreed, 8(50%) agreed, 5(31%) were neutral, and 1(6%) disagreed with the statement 'I resigned because i don't feel the work load is divided equally among all the organization employees'. This, indeed, shows that majority of the ex-employee respondents are not satisfied with the division of workload and could be a reason for them to resign from the authority.

As revealed in item 3 of table 10 above, respondents express the level of agreement on the statement 'I resigned because my immediate boss did not arrange flexible working conditions'. As a result, 4(25%) of the respondents strongly disagreed with the statement, 6(31%) disagreed, 3(19%) were neutral and 3(19%) agreed, with the statement. This implies that flexibility on working conditions were not the reason for ex-employees to leave the authority.

On last item of table 10, ex-employees were asked to express their feeling on the statement 'I resigned because the management did not addresses the work related issues to the dissatisfied employees' and as shown on the table 1(6%) strongly disagreed, 5(31%) disagreed, 2(13%) were neutral, 6(37%) agreed and 2(13%) strongly agreed with the statement. The result implies that management's failure to address issues to dissatisfied employees were a reason for ex-employees to leave the authority.

**Table 10. The Intention of Existing Staff to Leave or Stay**

No	Scale Item	Total number of respondents = 52									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	I don't have any intention to resign from the Authority within a shorter time	9	17	15	29	15	29	11	21	2	4
2	I would look for other job opportunities if I don't find any career advancement in the Authority	2	4	6	12	11	21	26	50	7	13
3	I am not satisfied with the current work environment in my current job so I leave whenever I find better opportunity	1	2	8	15	6	12	22	42	15	29
4	I am searching for a better job In a better organization at the moment	1	2	8	15	12	23	17	33	14	27
5	I stayed at the current job because i don't get other options	4	8	7	13	10	19	25	48	6	12

**Source: Questionnaire, 2016**

As shown in table 11 of item (1) above, the respondents express their feelings on the statement 'I do not have intention to resign from the authority within a shorter time'. Thus, 2(4%) of the respondents strongly agreed with the statement, 11(21%) agreed, 15(29%) neutral, 15(29%) disagreed and 9(17%) strongly disagreed. This implies that majority of employees have any intention to resign from the authority within a shorter time.

The findings reflected in item 2 of table 11 above for the statement 'I would look for other job opportunities if I don't find any career advancement in the Authority' show that 7(13%) of the respondents strongly agreed, 26(50%) agreed, 11(21%) remained neutral, 6(12%) disagreed and 2(4%) strongly disagreed with the statement. The result indicates that, the largest number of current employees respondents are looking for

other job opportunities and leave the authority since they would not get career advancement in ERCA. This implied that the issues raised a critical symptom for the existence of potential turnover in the authority.

The above table 11 of item 3 results show that, 15(29%) of the respondents strongly agreed, 22(42%) agreed, 6(12%) were neutral, 8(15%) disagreed and 1(2%) strongly disagreed with the statement 'I'm not satisfied with the work environment in my current job so I would look for outside opportunities'. This, indeed, shows that majority of the current employees are not satisfied with the work environment in their job and they are looking for outside opportunities.

The research findings in item 4 of table 11 the respondents express their feelings for the statement 'I am searching for a better job in a better organization at the moment' shows 14(27%) strongly agreed, 17(33%) agreed with the statement, 12(23%) remained neutral whereas 8(15%) disagreed and 1(2%) strongly disagreed. This shows that the current employees are already fed up working in ERCA and they are searching for a better job in a better organization at the moment.

On the last item of table 11, current employees were asked to express their feeling for the statement 'I stayed at the current job because i don't have other options'. As shown on the table 6(12%) strongly agreed, 25(48%) agreed, 10(19%) were neutral, 7(13%) disagreed and 4(8%) strongly disagreed with the statement. The result implies that current employees of the authority have an intension to leave from ERCA if they find other job suitable for them.



**Table 11. Personal reasons that forced ex- employee to leave**

No	Scale Item	Total number of respondents = 16									
		SDA		DA		N		A		SA	
		Fec	%	Fec	%	Fec	%	Fec	%	Fec	%
1	I resigned because of family related issues	8	50	6	37	2	13	-	-	-	-
2	I resigned because of desire to be self-employed	5	31	4	25	-	-	3	19	4	25
3	I resigned because better benefits being offered by other organizations.	-	-	-	-	3	19	11	68	2	13
4	I resigned from the authority because of unfair management system	7	44	3	19	5	31	1	6	-	-
5	I resigned to get further educational opportunity	6	37	7	44	2	13	1	6	-	-

*Source: Questionnaire, 2016*

Item 1 of table 12 shows that, the response of ex-employees to the statement ‘I resigned because of family related causes’ and from sample respondents 8(50%) disagreed with statement. The remaining respondents which is 6(37%) and 2(13%) are disagreed and neutral with statement respectively. This implies family related causes were not the reason for ex-employees to leave the authority.

As revealed in item 2 of table 12 above, respondents express the level of agreement on the statement ‘I resigned because of desire to be self-employed’. As a result, 4(25%) of the respondents strongly agreed with the statement, 3(19%) agreed, 4(25%) disagreed, and 5(31%) strongly disagreed. This implies that still desire to self-employment were not the reason for ex-employees to leave the authority.

Item 3 in table 12 above requests the level of agreements of the respondents for the statement ‘I resigned because better benefits being offered by other organizations’. Hence, 2(13%) of them were strongly agreed while 11(68) agreed with the statement. Besides, 3(19%) of them were remains neutral. Accordingly, the result shows good

benefit conditions offered by other organizations make ex-employees leave the authority. So, ERCA is expected to give better offer to retain experienced employees.

As shown in item 4 of table 12, the respondents who strongly disagreed to the statement 'I resigned from the authority because of unfair management system'' were 7(44%). The remaining respondents which is 3(19%) are disagreed, 5(31%) are neither agreed nor disagreed and 1(6%) agreed with the statement. This implies that majority of employees left the authority is not because of unfair management system.

Findings of the study on last item of table 12 reveal that, 6(37%) of respondents strongly disagreed, 7(44%) disagreed, 2(13%) remains neutral and 1(6%) agreed to the statement 'I resigned to get further educational opportunity'. The result shows that, 13(81%) of the respondents reason to leave the authority were not due to further education opportunity.

#### **4.2.5. Interview results with HR Director of the Authority**

According to the interview session with the HR Manager of the authority, the management of ERCA is aware of the mobility of manpower which occurs at a significantly higher rate which has caused an operational disruption .However, the management of the authority is happy if qualified and trained employees not living the authority. To minimize the frequencies of the turnover unreserved efforts has been done from the top management and other line manager as per their levels.

For the interview question about why employees are leaving the Authority, the manager replay as employees are left mostly to other private organizations where the compensation system is higher than ERCA.

Even though no exit interviews were made when employees leave the organization, management tried to understand the reason for termination via the application letter

employees submit when they resign. But according to the HR manager, most employees simply quit their job without informing the Authority.

The HR Manager also said that there is equal opportunity for promotion and development for all employees in the authority .Whenever there is vacancy, it is posted on a notice board where everyone can see and a telegram is sent to districts so that employees working in the districts can also apply and compete for the vacancy. According to him, the basic criterion for promotion was the performance evaluation of that individual employee. Through this, employees' contribution to the achievement of ERCA's objective, especially those of the top performers was recognized by promoting them. Due to the failure of the result oriented performance evaluation method the performance of the employees in the Authority has not been evaluated since last three to four years and as a result the organization these days has resorted to seniority as the basic criteria for promotion.

The manager feels that the compensation system of the organization is poor despite efforts made to revise the salary scale of ERCA **in 2005**.The main reason according to him that employees are leaving the organization, is due to the poor salary employees get. Most of the organizations that the ex-employees joined have a very attractive salary and benefit packages.

The manager also mentions that there are no documented programs that the authority designed to minimize employees' turnover. However, according to the manager, the authority has currently assessing the market and tries to increase the salary scale in the coming few months as well as the authority designed to give different benefits package to employees as retention mechanisms.

### 4.3. Document Analysis

#### 4.3.1 Employee Turnover trend and Magnitude at ERCA

Based on the data that was obtained for this study through the available documents from the Authority such as quarterly report, annual report and department document analysis was carried out to determine the turnover magnitude and trend of the authority. The findings are presented in the table below.

**Table 12. The trend of staff turnover at ERCA**

Year	Employed	Voluntarily resigned	Turnover Rate (%)
2013/14	9,058	1,824	20.1
2014/15	10,978	1,455	13.3
2015/16	10,901	1,686	15.5

**Source: ERCA HR document**

The data in the above table 13 shows that the magnitude of staff turnover and the trend what it looks like from the period under review, i.e. from 2013/2014 to 2015/2016. Accordingly, as it is indicated in the table above, the number of staff leaving the authority in 2013/2014 is 1,824, 2014/2015 is 1,455 and 2015/2016 is 1,686. Hence, the data reflects ERCA is facing frequent professional employees turnover. Besides, the data shows that the average number of employees leaving the bank under review periods is 1,655 employees per annum.

# **CHAPTER FIVE**

## **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 SUMMARY OF THE FINDINGS**

Based on the analysis and interpretation made in the previous chapter the major findings are summarized as follows.

- The management of the authority is aware of the existence of employee turnover and relates the turnover with salaries and benefit packages.
- The authority has no strategies and programs that have been designed to minimize employees' turnover.
- Most of the current employee and ex-employee respondents are found to be male, single, aged between 18 -30 and BA/BSc holder. Regarding to working experience, Most of the current employee has been in the authority 3-5 years while ex-employee had been in the authority for less than one year.
- Employees want to be motivated and gain training and development which is one of the important factors on employee retention strategy. However, majority of the existing employee respondents (66%) did not receive any kind of training but also believed it not given in a fair manner. On the other hand, half of the respondents believed lack of career advancement programs was a reason for employees to leave the authority.
- Getting continuous training and development program were the reason to almost all ex- employees' respondents (87%) to leave the authority and majority believed the program delivered unfairly (63%).
- Majority of the current employee respondents reveals that they do not feel secured in their job (61%), their job has not rewarded with better appraisal

rate and promotions (65%), and they don't feel their respective managers address their work related issues (65%).

- Most (94%) of the ex-employees respondents reason for leaving the authority was due to the job they were assigned since they felt insecure in their job and the job had not good rewards and promotion (87%). Besides, most of them were left the authority given that their qualification and experience was not well thought-out for promotion and their opportunity in a similar way to other employees (81%).
- (67%) of current employees feel that, the authority does not pay attractive salary in accordance to their experience and qualification and also the amount of pay they received for their job is not equal to others employee doing similar work in (65%).
- Most (87%) of ex-employees respondents were left the authority due to low salary benefit package, that is, the salary they received in connection to their experiences and qualifications in the authority (83%), the salary doesn't compensate the workload (88%) and compared their salary with others employees' salary doing similar works at other organizations (84%). Besides, majority of the ex-employees reason left the authority because of impartiality over benefit (75%).
- Majority of the current employees respondents believed that the overall work environment of the authority is not conducive (52%) and their workload is not divided equally (42%). On the other hand, they believed their immediate boss arranges flexible working condition (54%).
- Majority (94%) of ex-employee respondents resigned because they were not satisfied with the overall working environment of the authority and believed the workload were not divided equally among all employees (83%). On the other hand, inflexibility on working conditions were not the reason for majority ex-employees to leave the authority (62%).

- Most current employees' respondents (46%) have definitely an intention to leave the authority, because most of them are not satisfied with the work environment in their current job (71%) and they searching for a better job at the moment (60%). Besides, most (60%) were still working because they don't get other option yet.
- Most of the ex-employees did not leave the authority due to family related causes (87%), unfairness in management system (63%) and to get further educational opportunity (81%) rather they left the authority due to better conditions being offered by other organizations (84%) and desire to be self-employed (56%).

## **5.2 CONCLUSIONS**

The main objective underlying the study was to assess the cause of frequent employee turnover using Ethiopian Revenues and Customs Authority as the study area. As it was evident through the responses of the employees selected for the study, the following conclusions are drawn

- Even though the authority set a maximum turnover rate as 3% in its strategic plan, the staff turnover trend for the period under review is 20.1%, 13.3%, and 15.5% respectively. Hence, the data reflects there is a big gap between actual turnover rate and rate set by the authority even if it shows inconsistency.
- The Management is aware of the high employee turnover the authority is facing but has only associated the cause to the poor salary and benefit package the authority has. But, the study found that inadequate training and development opportunities and unfairness in its delivery, unavailability of job security, low level salary and benefit packages, inequity during promotion and

unfavorable working conditions are significantly reasoned for employee turnover.

- The manner in which human resource management employs measures to address these factors determines the state of employee turnover in the authority. However, the authority lacks effective retention strategies for minimizing employees' turnover.

### **5.3 RECOMMENDATIONS**

On the basis of the findings derived and conclusions drawn with regard to the trends and causes of employee turnover in ERCA, the following recommendations are made with the hope that implementation would alleviate or reduce the problems identified.

- If the authority doesn't offer good salaries and benefit packages, employees tend to hunt for jobs that pay them considerably well. In order to resolve this problem, the authority is needed a compensation policy that is merit-based and offer salaries and benefits that would be competitive enough and benchmarked against other organizations in the same labour market to retain and attract well-qualified and experienced employees. If possible, it is strongly recommended to be the leading in salary paying against current market scales.
- The Authority should give well-developed Training and Development programs as much as possible in a fair manner to increase the retention rate.
- The authority should provide as much job security as possible. Employees who are made to feel that their jobs are precarious may put a great deal of effort in to impress, but they are also likely to be looking for more secured employment at the same time. Job security is greatly valued by most employees.



- The authority need to evaluate and modify their promotion policies in a fair way which would enable promotions for candidates only on the basis of employee performance and should attach reward systems and performance so that top performers can be rewarded better than others to motivate and retain them.
- Not satisfying in over all working environment is one of the main causes for employee turnover. Employees prefer to work in an environment which is suitable for them. This is the most common reason why they move from company to company in just a few months. However, if they find an apt work environment in a specific company, they may work in the same organization for several years. So, the authority should work on providing all required comfort and ease to perform the job to the employees to retain its qualified and experienced employees.
- The human resource management of the authority should employ retention strategies such as increased salaries and remuneration, providing recognition, and individual growth opportunities so as to retain its employees.

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# **APPENDICE**

**S**



## **Appendix A: Questionnaire for Existing Employees**

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MBA PROGRAM**



Dear respondents, this questionnaire is designed to obtain information about **Trends & Causes of Employee Turnover at Ethiopian Revenues and Customs Authority** and will only take up to 10 minute to complete. The information shall be

used as a primary data in conducting survey, which will help the researcher to fulfill partial requirement for Master's Degree on Business Administration. The study is entirely for academic purpose; and the information you provide will be kept confidential not to be transferred for a third party. Forthcoming result of the study is expected to benefit the Authority.

In this regard the researcher kindly request you to provide to the best of your knowledge reliable, genuine, honest and prompt information, which will be a valuable input for the findings to meet the intended purpose.

Please spare some of your precious time and answer the following questions. If the question is not clear and understandable please ask the data collector.

If you have any inquiry, please do not hesitate to contact me and I am available as per your convenience (Tel; 0912-689990 or e-mail; gtedda12i@yahoo.com)

General Instruction:-

- There is no need of writing your name
- In all cases where answer options are available please tick(✓)

Thank You, for your cooperation and timely response in advance.

### **Section I: General Background**

#### **1. Gender**

Male  Female

#### **2. Marital Status**

Married  Single

#### **3. Age:**

18- 30yrs

- 31-40 yrs
- 41 –50 yrs
- 51 yrs and over

**4. Level of Education**

- High School Graduate
- College Diploma
- BA/BSc Degree
- Master’s Degree
- PhD Holder

**5. Working Experience**

- Less than 1 year
- 1 - 3 Years
- 3 - 5years
- Above 5 years and

**Section II:**

The following statements are intended to get your reflection on various issues regarding employee’s turnover at ERCA. Indicate your degree of agreement/disagreement on the five point scale below please tick on the space provided corresponding to each indicator you think appropriate.

SDA = Strongly Disagree    DA = Disagree    N = I can’t say

A = Agree                      SA = Strongly Agree

<b>No.</b>	<b>Causes</b>	<b>Scale</b>				
		<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>

<b>I.</b>	<b>Training &amp; Career Development Related Factors</b>				
1	The Authority arranges continuous training and development programs to enables my professional growth				
2	Job training and career advancement are given in a fair manner				
3	I believe that lack of career development is one of the reasons for employees to leave the Authority.				
<b>II.</b>	<b>Job Satisfaction Related Factors</b>				
1	Employees who work more are rewarded with better appraisal rate and promotions.				
2	I feel secured in my job				
3	Qualification & experience were fairly considered on employee promotion				
4	I am satisfied with the current work load				
5	Management address work related issues to dissatisfied workers				
<b>III.</b>	<b>Pays and Benefits Conditions Related Factors</b>				
1	Attractive salary and benefits are the major drivers that makes me stay in my current job				
2	I feel well paid in comparison with my qualification & experience				
3	I feel the amount of pay I receive for my job is about equal to other doing similar job in other organizations				

4	The salary you are getting compensated your work load					
5	The Authority is impartial for over all benefits of employees					
<b>IV. Working Environment Related Factors</b>						
1	Work environment is comfortable to perform a job					
2	Good working env't is the major driver that would make you stay in the authority.					
3	The work load is divided equally among all employees of the Authority					
4	Your immediate boss arrange flexible working conditions					
<b>V. Other Factors</b>						
1	I don't have any intention to resign from the Authority within a shorter time					
2	I would look for other job opportunities if I don't find any career advancement in the Authority					
3	I am not satisfied with the current work environment in my current job so I leave whenever I find better opportunity					
4	I am searching for a better job In a better organization at the moment					
5	I stayed at the current job because i don't get other options					

**THANK YOU FOR YOUR PRECIOUS TIME.**

## **Appendix B: Questionnaire for Ex-Employees**

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MBA PROGRAM**



Dear respondents, this questionnaire is designed to obtain information about **Trends & Causes of Employee Turnover at Ethiopian Revenues and Customs Authority** and will only take up to 10 minute to complete. The information shall be used as a primary data in conducting survey, which will help the researcher to fulfill partial requirement for Master's Degree on Business Administration. The study is entirely for academic purpose; and the information you provide will be kept confidential not to be transferred for a third party. Forthcoming result of the study is expected to benefit the Authority.

In this regard the researcher kindly request you to provide to the best of your knowledge reliable, genuine, honest and prompt information, which will be a valuable input for the findings to meet the intended purpose.

Please spare some of your precious time and answer the following questions. If the question is not clear and understandable please ask the data collector.

If you have any inquiry, please do not hesitate to contact me and I am available as per your convenience (Tel; 0912-689990 or e-mail; gtedda12i@yahoo.com)

General Instruction:-

- There is no need of writing your name
- In all cases where answer options are available please tick(✓)

Thank You, for your cooperation and timely response in advance.

### **Section I: General Background**

#### **1. Gender**

Male  Female

#### **2. Marital Status**

Married  Single

#### **3. Age:**

- 18- 30yrs
- 31-40 yrs
- 41 –50 yrs
- 51 yrs and over

#### **4. Level of Education**

- High School Graduate
- College Diploma
- BA/BSc Degree
- Master's Degree

PhD Holder

**5. Working Experience**

Less than 1 year

1 - 3 Years

3 - 5years

Above 5 years and

**Section II:**

The following statements are intended to get your reflection on various issues regarding employee's turnover at ERCA. Indicate your degree of agreement/disagreement on the five point scale below please tick on the space provided corresponding to each indicator you think appropriate.

SDA = Strongly Disagree    DA = Disagree    N = I can't say

A = Agree    SA = Strongly Agree

No.	Causes	Scale				
		SDA	DA	N	A	SA
<b>I.</b>	<b>Training &amp; Career Development Related Factors</b>					
1	I resign because the Authority fail to deliver continuous training and development programs					
2	I resign because of job training and career advancement are given in unfairly manner					
3	There was structured career development system in the organization					
<b>II.</b>	<b>Job Satisfaction Related Factors</b>					
1	Unfair rewards and promotion systems would drive					



	me to leave my previous job.					
2	I left the Authority because I had not feel secured in my job					
3	I left the Authority because qualification & experience were unfairly considered on employee promotion					
<b>III. Pays and Benefits Conditions Related Factors</b>						
1	Salary and benefits packages are the major drivers that makes me leave my previous job					
2	I resigned because I don't feel well paid in comparison with your qualification & experience					
3	I resigned because the salary I get at the authority doesn't compensate my work load					
4	I resigned because the amount of pay you received for your job was not equal to others doing similar jobs					
5	I resigned because I don't feel the Authority is impartial for over all benefits of employees					
<b>IV. Working Environment Related Factors</b>						
1	I resigned because i am not satisfied with the overall work environment of ERCA					
2	I resigned because i don't feel the work load is divided equally among all the organization employees					
3	I resigned because my immediate boss did not arrange flexible working conditions					
4	I resigned because the management did not					

	addresses the work related issues to the dissatisfied employees					
<b>V.</b>	<b>Other Factors</b>					
1	I resigned because of family related issues					
2	I resigned because of desire to be self-employed					
3	I resigned because better benefits being offered by other organizations.					
4	I resigned from the authority because of unfair management system					
5	I resigned to get further educational opportunity					

**THANK YOU FOR YOUR PRECIOUS TIME.**

### **Appendix III: Interview Checklist**

**ST. MARY'S UNIVERSITY**

## **SCHOOL OF GRADUATE STUDIES**

### **MBA PROGRAM**

Interview questions for HR Manager of ERCA.

**Question No 1.**

How do you understand employee turnover?

**Question No 2.**

Do you feel that the employee turnover from the Authority is a serious Problem?

**Question No 3.**

What is the current trend of the employee turnover in the Authority?

**Question No 4.**

Do you know why employees are leaving the Authority?

**Question No 5.**

Do you make an exit interview when employees resign?

**Question No 6.**

Does the Authority use the information obtained from exit interview?

**Question No 7.**

Do you feel that there exists equal opportunity for promotion for all employees of the organization?

**Question No 8.**

Do you feel that employees of ERCA earn adequate financial compensation when compared to the market?

**Question No 9.**

What are the mechanisms the Authority used to retain its experienced and qualified employee?

## **Declaration**

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

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Advisor

St. Mary's University, Addis Ababa

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Signature

January, 2016

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### **Endorsement**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

St. Mary's University

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Signature

January, 2016