

St. Mary's University
School of Graduate Studies



**THE INTENTION OF EMPLOYEE TURNOVER ON ORGANIZATIONAL
EFFECTIVENESS: THE CASE OF MINISTRY OF PUBLIC SERVICE
AND HUMAN RESOURCE DEVELOPMENT**

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

BY: YONAS MITIKU ASSEFA

JANUARY, 2018
ADDIS ABABA, ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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JANUARY, 2018

ADDIS ABABA, ETHIOPIA

DECLARATION

In the understanding, declare that is study entitled in <<The intention of employee turnover on organizational effectiveness the case of Ministry of Public Service and Human Resource Development>>. This work submitted by me for the award of the Degree of Masters of Business Administration in St. Mary's university at Addis Ababa, is my organizational work and has not presented for a degree in any other university, and that all source of materials used for the study have duly acknowledged.

Yonas Mitiku

St. Mary's University school graduate studies, Addis Ababa, Ethiopia

January, 2018

ENDORSEMENT

This is to certify that <<The intention of the employee turnover on organizational effectiveness the case of Ministry of Public Service and Human Resource Development>> undertaken by Yonas Mitiku for the partial fulfillment of masters of Business Administration (MBA) at St. Mary's University, is an original work and not submitted earlier for any degree either at this University or any other University.

ADVISOR

SIGNATURE

St. Mary's University School of Graduate Studies, Addis Ababa, Ethiopia

January, 2018

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List of Acronyms /Abbreviations

APHSA- The American Public Human Services Association

BSC- Balanced Scored Card

CIPD- Chartered Institute of Personnel and Development

E.C – Ethiopian Calendar

FDRE- Federal Democratic Republic of Ethiopia

GTP- Growth and Transformational Plan

HR- Human Resources

HRD- Human Resource Development

HRM- Human Resource Management

JEG- Job Evaluation and Grading

MOFED- Ministry of Finance and Economic Development

MOPSHRD- Ministry of Public Service and Human Resource Development

OE- Organizational Effectiveness

OWWDSE- Oromiya Water Works and Design Supervision Enterprise

SPSS- Statistical Package for Social Science

TVET- Technical and Vocational Education Training

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Abstract

This study intended to investigate the intention of employee turnover on organizational effectiveness the case of Ethiopian Ministry of Public Service and Human Resource Development with the objective of investigating the intention of staff turnover on organizational effectiveness. Quantitative approach with some qualitative information used to describe the situation. The study used mixed type of research design which includes descriptive and explanatory types. The dependent variable in this study is organizational effectiveness. The independent variable is cause of employee turnover namely remuneration, employee training, job dissatisfaction and performance appraisal. The total number of 145 employees was selected as a sample in this study. In addition, all staff members and head of Human Resource Development Directorate were purposely sampled for semi-structured interview questionnaires. Descriptive statistics was used to explain the demographic characteristics of respondents by measuring its frequency and percentages. Hypotheses were measured using statistical analysis which includes Pearson correlation and multiple regressions. Moreover, qualitative data gathered from interview also analyzed in sentence form. The results of analysis have shown there was significant relationship between the four selected causes of employee turnover and their impact on organizational effectiveness. The study findings suggests that remuneration is the primary cause of staff turnover in MOPSHRD and it is affecting the performance of the organization in terms of achieving strategic objectives which results loose of time, cost and talent. In addition most employees training are not based on the need of employee performance and requirement of the job. Furthermore, limited involvement of employee and delay on implementation of career advancement of regulations specially related with performance appraisal are causes for dissatisfaction. The conclusion shows that the causes of employee turnover have a significant effect on organizational effectiveness. Since human resource is an engine for other resources the management of the organization should take improvement to retain employees. Lastly, suggestions for further research were discussed.

Keywords: *Employee turnover, organizational effectiveness, remuneration, training and development, job dissatisfaction, performance appraisal.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizational performance in the public sector is complex and multi-dimensional. It is therefore important to assess the relative failure or success of different organizations on a range of criteria and measures. Different stakeholders are likely to have the same view of performance only when a highly restrictive set of conditions (concerning criteria, weights, indicators, data, reliability and expectations) is met (Rhys Andrews, George A. Boyne and Richard M. Walker) (2006).

Organizational performance can be seen in how effectively the products or services of the organization are delivered to the customers. The human resources in organization are the ones who design, produce, and deliver those services. Therefore, one goal of Human Resources (HR) management is to establish activities that contribute to superior organizational performance. Only by doing so can HR professionals justify the claim that they contribute to the strategic success of the organization.

A series of studies and inquiries has been made in to organizational effectiveness. Perhaps the modern-era starting point was the scientific management views proposed by Fredrick Taylor. Taylor's work used motion and time studies to find the "one best way" to do on effective (efficient) job. In Taylor's view point, the principle of specialization was causally linked to effectiveness. A more recent view of linking management action with effectiveness was advanced by Tom Peters in his book 'thinking on chaos'. He proposed that effectiveness firms need to have fewer layers of organization structure be populated by more autonomous units, be quality and service conscious, and be much faster at innovation.

FDRE Ministry of Public Service and Human Resource Development (MOPSHRD) established with diverse powers and duties with proclamation number 916/2015 by additional human resource and public service related responsibilities and with mandates that had given for the former ministry of civil service. The ministry has been accomplishing its role of coordinating FDRE ministries and regional public service and human resource development bureaus. The ministry strives to create effective and efficient civil service in order to serve nations, public and

citizens based on the principles of integrity, transparency and accountability to implement the democratic developmental government policies and objectives.

Employee turnover is the rate at which an employer gains and losses employee. Simple ways to describe it are “how long employees tend to stay”. Turnover is measured for individual companies and for their industries as a whole. High turnover may be harmful to a company’s provision of service, if skilled workers are often leaving and the worker population contains a high percentage of novice workers (Hutchinson and J and Beruvides, 1997). Turnover can be voluntary and involuntary. The instance of voluntary turnover is initiated at the choice of the employee has no choice at the instance of involuntary turnover. Employee has no choice in their termination, such as long term sickness, death, moving overseas or employer initiated termination (Martin, 2003). Typically, the characteristics of employees who engage in involuntary turnover are no different from job strangers (Joseph, 1972; Testa, 2008). However, voluntary turnover can be predicted, and in turn controlled by the construct of turnover intent.

Ruby (2002) classified labor turnover into internal or external. Internal turnover involves employees leaving their current positions and taking new position within the same organization. Both positive (such as increased moral from the change of task and superior) and negative such as project/rational disruption exists, and therefore, it may be equally important to monitor its counterpart. Internal turnover might be moderated and controlled by typical human resource mechanics, such as an internal recruitment policy or formal succession planning.

Many researches has been undertaken to understand the cause and effects of employee turnover. But, it is focused on profitability perspective which is on private (profit based) organizations. For instance Aman, conducted his research on OWWDSE focused on the causes and effects but he couldn’t focus on its effect on organizational effectiveness. Asmamaw (MOFED, 2012) also has undertaken the research on employee turnover and retention practices of Ethiopian public sectors. It didn’t give emphasis on the intention of employee turnover on organizational effectiveness. The above statement ensures that there is theoretical gap and the reason for the researcher to conduct this study.

Human resource is an engine for every organization’s development.. This study looks at the intention of employee turnover on the organizational effectiveness in the MOPSHRD. Therefore,

studying the intention of employee turnover has various advantages. In this particular case, the research will also add on the existing literature on employee turnover issues and propose recommendations to reduce high rate of employee turnover and enhance the performance of the organization.

1.2. Definition of key Terms

The following terms are operational and defined in such a way that they are used in the body of the study with the sense of the following definitions.

- **Employee:** - refers to the current and ex-staff or workers of Ministry of Public Service and Human Resource Development.
- **Employee turnover:** -refers to the number of percentage of workers who leave an organization. (CIPD, 2014)
- **Organizational effectiveness:** - is the degree to which the stated objectives and goals of an organization are met and in the process how well it performed. (Cambridge University Press, 2006)
- **Human resource development:** it is a framework for helping employees developing their personal and organizational skills, knowledge and abilities to meet current and future job demands. (Michael Harris, 2008).
- **Ministry:** - the highest executive organ which is responsible for entitled as Federal Democratic Republic of Ethiopia Ministry of Public Service and Human Resource and Development. (Negarit Gazeta, 22nd year no 12, 2015).

1.3. Statement of the Problem

Since the MOPSHRD is coordinating ministry of other public sectors including ministries and their respective responsible government institutions and regional public service and human resource development bureaus in the areas of human resource management, good governance and public service reform issues will be successfully implemented by retaining professional experts. But, according to the statistics report (2007E.C.-2009 E.C) of the MOPSHRD, it has been high rate of employee turnover 12% in 2007 E.C., 14% in 2008 E.C. and 13% in 2009E.C. The high level of employee turnover has been affecting the ministry to accomplish its mission

effectively. Documents like exit interview of ex- employees and preliminary interview with HR directorate staffs shows that the reasons for employee left MOPSHRD are desire of better remuneration and training and development opportunities, job dissatisfaction and reasons related with feedback and performance appraisal still which is not related with career development.

The crucial elements are needed for organizations to be effective: mission and strategy, organizational structure, and human resource management. Based on the BSC (balanced Scored card) report, which is a standard performance measurement report of public sectors. Performance result of MOPSHRD in 2009E.C. is 59.6 % which is low. This is due to several reasons based on the report from plan and budget Directorate and BSC narration report the reason for low achievement of many strategic objectives is mainly due to staff turnover which limits the effectiveness of different directorates.

MOPSHRD is losing experienced experts and costing time and money to replace by new staff. The cost of replacing workers is often underestimated because there are many hidden costs and consequences of labour turnover. High levels of turnover have more than monetary cost: they also affect the motivation and morale of the employee who remain. Even though the ministry replaced new employees by those who left the organization, the new employees take at least three months to adopt the work environment and need induction program and more supervision. It has its own negative effect on organizational effectiveness.

In Ethiopia, even though few studies like the study conducted on Oromiya Water Works Design and Supervision Enterprise (OWWDSE), Ministry of Finance and Economic Development (MOFED) about causes and effects of employee turnover and professional employee turnover and retention practices of Ethiopian public sector organizations. Based on the information obtained from organizations' research department there is no empirical study conducted on the intention of employee turnover on organizational effectiveness in the organization.

The MOPSHRD envisage to see a civil service which effectively and ethically achieves its mission by 2020. But, current reports of the ministry indicate that employees are leaving the organization due to several reasons. Hence, the purpose of this study is to identify the effects of employee turnover on organizational effectiveness.

The other reason which makes the researcher to do this research is to reveal the actual practical gaps between the employee turnover and organizational effectiveness the case of head office of MOPSHRD under consideration.

1.4. Research Questions

The study primarily focused on answering the following research questions.

1. What are the causes of staff turnover in Ethiopian Ministry of Public Service and Human Resource Development?
2. How does staff turnover affect organizational effectiveness?
3. What strategies can be used to reduce high level of staff turnover?

1.5. Objective of the Study

General Objective

The general objectives of this study were to investigate the intention of staff turnover on organizational effectiveness the Ethiopian Ministry of Public Service and Human Resource Development.

Specific objectives

The specific objectives of the study include:

- To identify the causes of staff turnover the case of Ministry of Public Service and Human Resource Development.
- To examine the intention of employee turnover on organizational effectiveness.

1.6. Significance of the Study

A study on staff turnover and organizational effectiveness is very important aspect for the organization itself and (other ministries) public organizations. The Ministry has given the role of coordinating the executing bodies' performance of other Ministries of the country. It is mandated by proclamation 916/2015, in addition to the sector itself, it is expected to adopt strategies to human resource development and deployment of executive organs, public enterprise and private sectors of the country. To achieve its mission employees are important assets and retaining

employees is very crucial. Therefore, this study will benefit the existing employees and the ministry itself in the following way.

- As a coordinating ministry and responsible for the Human Resource Development (HRD) of the country, the findings of the study serve as a benchmark for employee retention practice of Bureaus of Public Service and Human Resource Development in two administrative cities and nine regional states of FDRE.
- The findings of the study serve as an alert to the top level management of the ministry to take corrective measures on the factors that affect the retention of the staff.
- The recommendation of the study also benefits the Ministry by retaining existing experienced staff. This improves organizational effectiveness.
- Finally, this study serve as a reference for further researchers who have an interest in this area and for newly established ministry's directorate of human resource development research.

1.7. Scope of the Study

The study was conducted only with head office of FDRE Ministry of Public Service and Human Resource Development which is located in Addis Ababa. This is because the researcher is working in this Ministry and also difficult to include all ministries and other public sectors from different perspectives. Therefore, it was leave the remaining 31 ministries, other public sectors, regional offices and other responsible institutions found in government structure.

The turnover phenomenon considered the year between 2007E.C. – 2009 E.C. the years which are high rate of employee turnover registered. The study mainly focused and baseline data taken only from year 2009 E.C.

Methodologically, this study was used more of quantitative method and with limited information from qualitative hence; data were collected from respondents selected through simple random sampling and purposive sampling for questionnaires and interview with key informants' respectively.

This study was delimited to construction of research only relationship of employee turnover (job dissatisfaction, performance appraisal, remuneration and employee training) and its intention on organizational effectiveness were addressed.

1.8. Organization of the Study

The study organized in to five sections. The first chapter introduces background of the study. In the second chapter, different related literatures are presented to create depth understanding towards the subject under study. The third chapter focused on the methodology of the study. The analysis and discussions of major findings were indicated in the fourth chapter. In the fifth chapter conclusions, recommendations, suggestions for further research and limitations of the study were made. Lastly, the references and appendices sections were attached.

1.9. Limitations of the Study

The study has the following limitations:

- All findings are based on the information provided by the respondents and are subject to the potential bias and prejudice of the people involved.
- The scope of the study of employees in MOPSHRD. As such the findings may change if the study applied to different area, demographic landscape, other sector or economy.
- The study was affected by time and resource limitation. Due to this reason, the researcher minimizes sample size.
- There have been also few empirical studies done in the effect of employee turnover on the organizational effectiveness in Ethiopian Public Sector Organizations. As a result it was limited with supportive literature.
- Difficulty getting the ex-employees of the organization and insufficient exit interview or written document. This leads to depend on few but not representative of the data.

CHAPTER - TWO

REVIEW OF RELATED LITRATURE

2.1. Theoretical Literature

2.1.1. Overview of Employee Turnover

Turnover, as per Wikipedia (encyclopedia), in a human resources context refers to the characteristics of a given company or industry, relative to rate at which an employer gains and loses staffs.

Employee turnover is the most important activity of human reason of a firm in which management is eager to censure. The reason for making a purposeful resistance is because of reality that organizations make sufficient investment in their employees in the shape of development, training, workflow, reimbursement planning and building of view point to achieve objectives and goals of organizations. Though, the increasing consequences of employee turnover can cause an effect on the organization's growth, the expense of managing as shown in most cases is reflected on income statement bottom line showed a downward tendency in effectiveness. As a result, human resource management view is actively determining the descending wave of the firm's turnover rate (Ghulam, syed, and Zainab, 2012).

Turnover is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period this term is also often utilized in efforts to measure relationship of employees in an organization as they leave, regardless of reason.

Employee turnover (sometimes known as 'labour turnover and to reduce costs. There are a number turnover', 'wastage' or 'attrition') is the rate at which of different methods of measuring turnover, as out-people leave an organization. (Armstrong, 2014).

2.1.2. Types of Employee Turnover

Although there are many causes for employee turnover in the organization all of them have not negative impact on the well-functioning of an organization. Organizations should differentiate between voluntary and involuntary turnovers are those caused by the interest of the employee (e.g. to take job in other organization for better salary) while involuntary turnovers are the

decision of management to quit employees from work (e.g. dismissal for gross misconduct). In general, all resignations not formally initiated by employers are voluntary resignations. Voluntary turnovers are further distinguished between functional and dysfunctional turnover, Taylor, Stephen (1998, PP 228). Functional turnovers are the resignation of substandard performers and dysfunctional turnovers are refers to the exit of effective performers, Loquercio, et al, (2006, pp 2).

They also classified dysfunctional turnover, which is the most concern of management due to its negative impact on the organization's general performance, in to avoidable turnover (caused by lower compensation, poor working condition, etc...) and unavoidable turnover (like family moves, serious illness, death, etc...) over which the organization has little or no influence. Therefore, management should give special attention to avoidable turnover which it has control and improves the situation and then staffs retention.

The following chart adopted from Loquercioet. al gives a clear picture of staff turnover ladder.

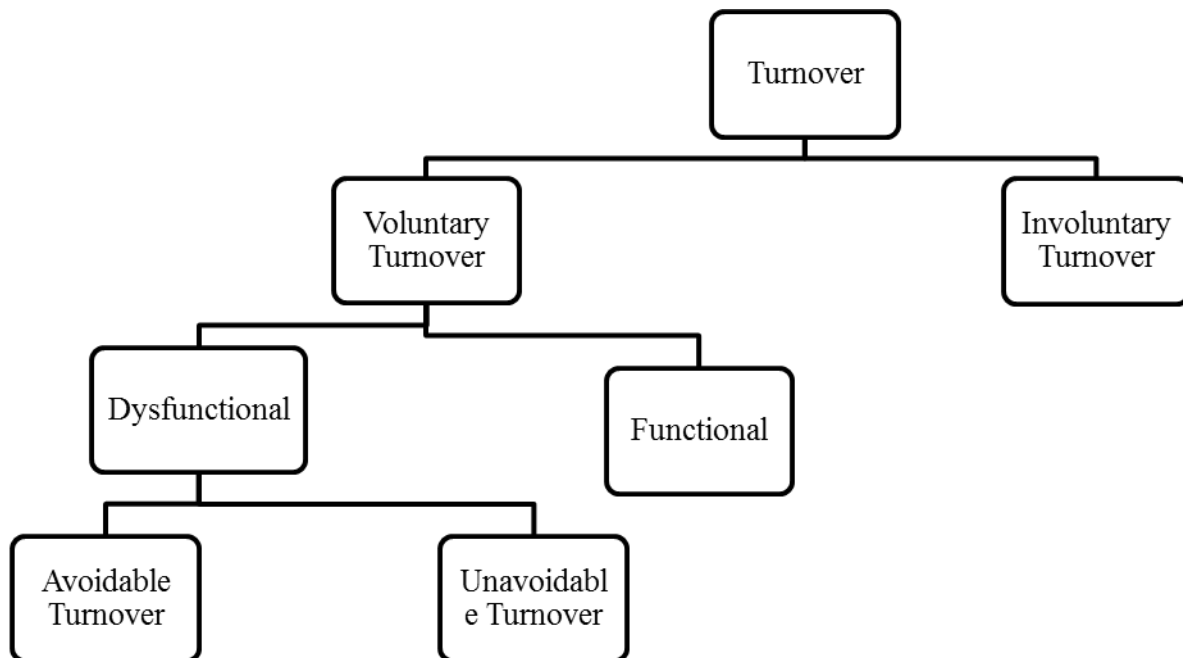


Figure 2.1: Types of Employee's Turnover.

Source: Loquercio, et al (2006). Understanding staff turnover in humanitarian agencies.

Functional Vs. Dysfunctional Turnover

Functional turnover can be defined as “turnover in which poor performers leave” while dysfunctional turnover can be defined as “a turnover in which good performers leave” (cited in Wikipedia).

Avoidable Vs Unavoidable Turnover

A turnover that happens in avoidable circumstances is called ‘Avoidable Turnover’, where as “A turnover that happens in avoidable circumstances is called “Unavoidable Turnover” (cited in Wikipedia).

2.1.3. Factors Affecting Employee Turnover

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

- I) The economy:** -One of the most common reasons given for leaving the job is the availability of higher paying jobs. Some minimum wage workers reported for leaving one job to another that pays only 50 cents an hour and more. Obviously, in a better economy the availability of alternative jobs plays a role in turnover, but this tends to be overstated in exit interviews.
- II) The characteristics of the job:** -some jobs are intrinsically more attractive than others. A job attractiveness will be affected by many characteristics, including its repetitiveness, challenges danger perceived importance and capacity to elicit a sense of accomplishment
- III) Demographics:** - empirical studies have demonstrated that turnover is associated in particular situations with demographic and biological characteristics of works.
- IV) The person:** - in addition to the factors listed above there are also factors specific to the individual that can influence turnover rates. These include both personal and trait-

based factors. Personal factors include things such as changes in family situation, a desire to learn a new skill or trade or unsolicited job offer. In addition to these personal factors, there are also threats based or personality features that are associated with turnover.

- V) A bad match between the employee's skill and the job:** -employees who are placed in jobs that are too different for them or whose skills are under-utilized may become discouraged and quit the job.
- VI) Standard equipment, tools or facilities:** - if working conditions are standard or the workplace lacks important facilities such as proper lighting, furniture, rest room and other health and safety provisions, employees will not be willing to put up with the inconvenience for long time.
- VII) Lack of opportunity for advancement or growth:** - if the job is basically a dead-end proposition, these should be explained before hiring so as not to mislead the employees. The job should be described precisely, without raising false hopes for growth and advancement in the position.
- VIII) Feelings of not being appreciated:** -since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their work, even the most seasoned employee needs to be told what he or she is doing right ones in a while.
- IX) Inadequate or lack of supervision and training:** -employees need guidance and direction. New employees may need extra help in learning unfamiliar job. Similarly, the absence of a training program may cause workers to fall behind in their level of performance and feel that their abilities are lacking.
- X) Unequal or substandard wage structures:** - inequity in pay structures or low pay is a great cause of dissatisfaction and can drive some employees to quit, again, a new worker may wonder why the person next to him is receiving a higher wage for what is perceived to be the same work.

2.1.4. Effects (impacts) of Employee Turnover

2.1.4.1. Impacts of Motivation on Staff Turnover

Motivation

Motivation is an important element in understanding, studying and analyzing human behavior. It helps of an executive or manager to identify the motives which influence the behavior of an employee at work to attain organizational objectives. Motivation is a personal and internal feeling. The feeling arises from needs and wants. Human needs are unlimited. Fulfillment of one set of needs give rise to the other needs. Therefore, motivation is a continuous process.

In understanding and applying motivation theory, the aim is to obtain added value through people in the sense that the value of their output exceeds the cost of generating it. This can be achieved through discretionary effort. In most if not all roles there is scope for individuals to decide how much effort they want exerts. They can do just enough to get away with it, or they can throw themselves in to their work and deliver added value. Discretionary effort can be a key competent in organizational performance (Armstrong, 2010).

There are two types of motivation as originally identified which are:-

Intrinsic Motivation: - the self-generated factors that influence people to behave in a particular way or to move in a particular direction. These factors include responsibility (feeling that the work is important and having control over one's own resources), autonomy (freedom to act), scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement.

Extrinsic motivation: - what is done to or for people to motivate them. This includes rewards, such as increased pay, praise, or promotion, and punishments such as disciplinary action, withholding pay or criticism (Herzberg et al 1957 cited in Armstrong, 2010).

Turnover causes lack of motivation and low morale

Gawali (2009) confers soaring employee turnover typically causes lack of motivation and low morale. On the other hand, considering from another point of view it can be turned in to positive because lack of turnover can also result in de-motivation. Employees might think lack of turnover a negative due to the lack of likely promotions which influences enthusiasm (Gawali, 2009). Diminutive or no opportunity for advancement could indeed result in turnover as employees search for positions with new organizations offering growth and

future promotion. Gawali (2009) also states that it goes against human nature to remain sluggish, carry out the same jobs every day and not seeing any optimism for change in practice.

2.1.4.2. Cost Associated with Employee Turnover

According to Armstrong (2014:251) cost estimates are useful as means of backing up a business case for taking action to reduce turnover. The following factors should be considered when calculating costs:

- Direct cost of recruiting replacements (advertising, interviewing, testing etc.)
- Direct cost of introducing replacements (individual costs);
- Direct costs of training replacements in necessary skills;
- Leaving costs-payroll and HR administration;
- Opportunity cost of time spent by HR and line managers in recruitment, induction and training;
- Loss of output from those leaving before they are replaced;
- Loss of output because of delays in obtaining replacement;
- Loss of output while new starters are on their learning curves acquiring the necessary knowledge and skills

Schultz (2006:242) analyzed the cost of turnover and concludes that employee turnover is costly for organizations. Every time an employee quits, a replacement must be recruited, selected, trained, and permitted time on the job to gain experience. Philipps and Connel (2003:1) concur and enumerate the costs of turnover to include, recruiting costs, selection and or employment costs, orientation costs, training costs, lost wages/salaries, administrative costs, loss productivity, loss of human, capital, and customer satisfaction issues. It is important for managers to know why employees, particularly high performing employee resignation is by conducting an exit interview which also is another cost is to the organization. The reason given by Phillip and Connell (2003:1) for such interview is to investigate the reason for the employee's withdrawal. If the reason given by the employee suggest inadequacies on the part of the organization (for example, inadequate salary, inequity, poor promotion, etc.), Management can review the issue and this will help the organization in the formulation of retention policies that adequately provide

for the shortcomings. In conducting an exit interview, some costs are involved and they must be taken into consideration when calculating turnover costs. A job analysis expert will have to be consulted to evaluate outstanding work and job requirements of the vacant position. These costs also represent turnover costs and must be considered.

Bliss (2007) lists have those costs to include the time of the person conducting the interview and the administrative costs include the time of the person conducting the interview and the administrative costs involved in the processing the resignation letter, including stationary and printing. Before a recruitment process is initiated, a job analysis is necessary to determine the job content of the vacant position. These costs also represent turnover costs and must be considered. Training and re-training of employees constitute one of the most crucial aspects of management in both the public and private sector organizations.

2.1.5. Organizational Effectiveness

The American Public Human Services Association (APHSA) has defined organizational effectiveness as follows:

OE is a systematic and systematic approach to continuously improving an organizations performance capacity and client outcomes. "systematic" refers to taking in to account an entire system or in the case of OE an entire organization, "systematic approach" refers to taking a step-by-step approach. In simple terms, therefore, OE is a step-by-step to continuously improving an entire organization.

In the OE approach, effective organizations are described systems as operating systems that are made up of the following interconnected moving parts: the aim of the organization (strategy) shared and seen as important by staff within the organization to achieve the strategy (inputs): ability the organization has to advance toward outcomes using available resources (performance capacity): activities of the organization towards outcomes (performance actions): results of system performance (outputs): changes in lives as a result of system performance (outcomes): and feedback from clients, staffs, partners, key other stakeholders, and the community about how well the organization is achieving its desired outputs and outcomes (feedback from environment).

Organizational effectiveness is mostly an expression used by the researchers. Also, it is the most extensively researched problems since organizational effectiveness was extracted from organizational behavior theory which was established in 1950s. Regardless of some harmony still there is significant lack of consensus on the organization and the definition of the concept. Fulfilling organization's objectives with out in capacitating resources of the organization is the definition of the organizational effectiveness. Among management researchers point of view, organizational effectiveness is regarded as explaining the goals, describing resources and sharpen if the organizational goals met (Mohammed, Naseet, Sheraz, and Mahfooz, 2012). (Yankey and Mclellan, 2007) explained that organizational effectiveness is the degree to which the stated objectives and goals of an organization are met and in process how well it performed.

Mohammed, Ghafoor, and Naseer, (2011) Stated that the organization's effectiveness is the theme of how useful an organization is in attaining the outcomes, the organization wishes to produce. (Mohammed et al, 2011) also narrated that the effectiveness of the organization is a theoretical concept and it is impossible to determine. Instead of assessing organizational effectiveness, the organizations establish proxy measures and further used as a tool to present organizational effectiveness.

2.1.6. Human Resource Functions with Organizational Effectiveness

The actual function of HRM with in the value chain of organization is of significance. It has been postulated by some researchers that the role of HRM within an organization is significant factor in the firm's ability to achieve its organizational objectives and develop a sustainable competitive advantage within the market place within which it operates. This is achieved via the policies each firm enacts, and the method it uses to attract and retain it's the right employees for its needs (Holland, et al, 2007). The HR function can be thought of as having six menus, from which companies choose the most appropriate practices. De Cieri and Kramar (2008, p.58) stated that each of these menus refers to a particular functional area of HRM: job analysis/design, recruitment/selection, training and development, performance management, pay structure/incentive/benefits, and labour/employee relation.

Steers (2002:217) states that staff turnover is costly and disruptive. Costly, as it requires that schedules and programs to be modified.

According to Robbins (2003:78), staff turnover is costing South African organizations millions of rands in decreased efficiency. He states that in the United States, Staff turnover is estimated at \$ 40 billion a year, in Canada 4 billion and in Germany DM billion a year (Robbins;2003:78). The cost of staff turnover and the impact there of productivity alone is enough to depress any human resource manager and the organization. There might be a delay of service delivery while waiting for the replacement staff to arrive.

According to Nel, et al. (2004:245), the following are some of the factors that impact on staff turnover and organizational effectiveness.

- ✓ Increased customer compliant about the service.
- ✓ The quality of service is decreasing because of staff shortage
- ✓ The replacement staff may be unfamiliar with the unit and task or duties to be performed; therefore inefficiency and errors may result.
- ✓ Sometimes a personnel member in the unit is in the lower categories of staff. Therefore they are restricted by their scope of duty. They can perform certain duties under the direct supervision of a trained member or sometimes they are completely forbidden to do certain duties.

2.1.7. Effective Methods (Strategies) to Reduce Employee turnover

Controlling Turnover

Managerial activities necessary to control involuntary turnover are very different from activities required to control voluntary turnover. Moreover, activities differ depending on the type of involuntary turnover. For example, if management fields itself dismissing a large number of employees, it might look to several factors. If the terminations are due to rule infractions, an examination of the policies that lead to terminations might be in order. Perhaps the policies are unreasonably harsh, or perhaps supervisors are unduly zealous in applying the rules. Excessive involuntary terminations because of performance inadequacies, alternatively should lead management to examine its selection or training procedures.

Involuntary terminations because of layoffs present set of problems for management to consider. Basically, layoffs occur because of an imbalance between the productive capabilities of the workforce and the organization's product or service production needs. Wide swings in

production requirements due to rapid changes in the economic climate are largely outside the control of the organization so that layoffs are sometimes unavoidable with proper planning, however, more moderate or predictable variation can offer be achieved without layoffs.

Voluntary turnover presents yet another set of issues for management to consider. As in the case of absenteeism, it is caused by many factors.

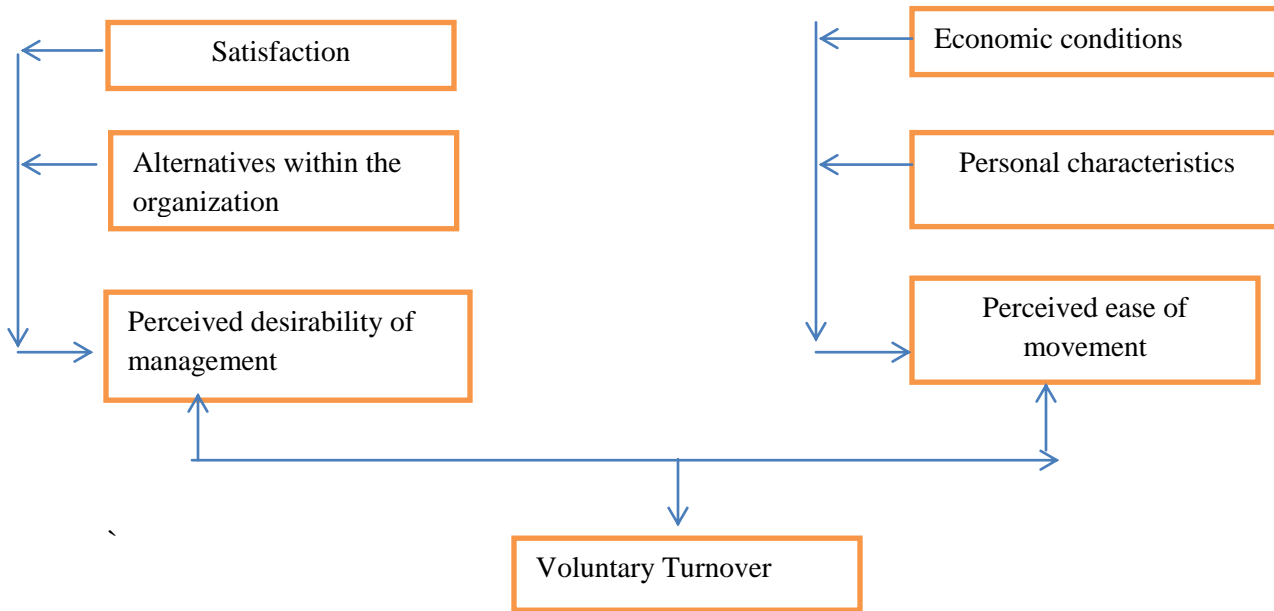


Figure 2.2: A Model of Voluntary Employee Turnover

Many influences, as specified in one widely accepted model and shown in figure 2.2, are employees' perceptions of the ease of movement and the desirability of movement. Ease of movement depends largely on the personnel characteristics of the employee and on economic conditions for example, employees with the best work qualifications are likely to find it easier to leave and find alternative employment opportunities. Also, young employees are much more likely to terminate voluntarily than older employees. Economic conditions are reflected by unemployment levels are negatively related to voluntary turnover as predicted by the model.

Figure 2.2 also shows that voluntary turnover is influenced by employee perceptions of the desirability of living, which depends partly on what opportunities for other work are seen within the existing organization. Employees may want to leave their current jobs but stay with the organization if other jobs are available through transfer or promotion. To solve extent, these

opportunities are within the control of management and hence can be used for influence turnover.

A major factor that influences desirability to leave is employee satisfaction. The greater the satisfaction of employee the lower the probability of leaving. This relationship is especially strong when economic conditions in the external labour market are favorable.

There is no perfect means retaining high performers it appears that a reward system based on merit should encourage most of the better performers to remain with the organization. There also has to be some differential in the reward system that discriminates between high and low performs, the point being that the high performers must receive significantly more extrinsic and intrinsic rewards than the low performers.

2.1.8. Effective Methods of Reducing Staff Turnover

According to authors in the field of study, the following are some of effective methods of reducing staff turnover rate:

1. Training as effective methods to reduce staff turnover

Training employees reinforces their sense of value. Through training and, employees help employees achieve goals and ensure they have a solid understanding of their job requirements (Van Tiem, Moseley and Dessigner, 2003:130).

2. Mentoring program

A mentoring program integrated with a goal-oriented feedback system provides a structured mechanism for developing strong relationship with in an organization and is a solid foundation for employee retention and growth. With a mentoring program, an organization pairs someone more experienced in a discipline with someone less experienced in a similar area, with the goal to develop specific competencies, provide performance feedback and design an individualized career development plan (Zeil and Antoinette 2003:243).

3. Feedback to employees

It is important for companies to give feedback and coaching to employees so that their efforts stay aligned with the goals of the company and meet expectations. During an employee's first few weeks on the job, an employer should provide intensive feedback; employers should also provide formal and informal feedback to employees throughout the year (Nel, et al, 2004:243). According to Johns and Saks (2007:243), today's working place requires that criticism must come with support and a sense that the company is there to assist the employee in achieving and attaining success.

Provide time and again, even the most average employees are likely to raise their quality standards if they are encouraged through conservative, open reviews. Management should always recognize successes and never beret an employee who works hard but where work lacks company standards. In fact, these individuals are often the most open to suggestions of improvement and are ready to be molded in to the most ideal of employees (Johns and Saks, 2007:190).

4. Rewards and turn over

Some managers assume that low turnover is a mark of an effective organization. This view is controversial because a high quit rate means more expense for an organization. However, some organizations would benefit if disruptive and low performers quit. Thus, the issue of turnover needs to focus on the frequency and on who is leaving.

Ideally if managers could develop reward systems that retained the best performers and caused poor performers to leave, the overall effectiveness of an organization would improve. To approach this ideal state, an equitable and favorably compared reward system must exist. The feeling of equity and favorable comparison has an external orientation. That is, the equity of rewards and favorableness involves comparisons which external parties. This orientation is used because quitting most often means that a person leaves one organization for an alternative elsewhere.

5. Instill a positive culture

A company should establish a series of values as the basis for culture such as honesty, excellent, attitude, request, and teamwork. A company that creates the right culture will have an advantage when it comes to attracting and keeping good employees (Martin, 2003:211).

6. Encourage referrals and recruit from within the organization

Having current employees refer others, could help minimize confusion of job expectations. Current employees can realistically describe a position and the environment to the individual he/she is referring. Another way an employer can lessen the impact of staff turnover is to hire from within, since current employees have already discovered that they are a good fit in the organization (Del Val and Fuentes, 2003:155).

7. Make employees feel valued

According to Carrel, et al. (2000:356), employees will go the extra mile if they feel responsible for the result of their work, have a sense of worth in their jobs, believe their job make good use of their skills and receive recognition for their contribution. Employees should be rewarded at a high level to motivate even higher performance. The use of cash payouts could be used for on the spot recognition. These rewards have terrific motivational power, especially when given as soon as possible after the achievement. It is important to say thank you to employees for their efforts and find different ways to recognize them. Even something as simple as free lunch can go a long way rewards making feel valued. Listen to employees and ask for their input as to what rewards might work best to the organization. Conduct meetings and surveys to enable employees to share their input. Most team members will work harder to carry out a decision that they have helped to influence (Hopkins, 2005:74).

8. Foster trust and confidence in senior leaders

Develop strong relationship with employees from the start to build trust. Employees have to believe that upper management is competent and that the organization will be successful (Allen, et al. 2007:37). An employer has to be able to inspire this confidence and make decisions that reinforce it. An employer cannot say one thing and do another. For example, an employer should

not talk about quality and then push employees to do more work in less time. In addition, employers need to engage and inspire employees by enacting policies that show they trust them, such as getting rid of authoritarian style of management (Brief, 2008:41).

2.2. Empirical Review

A study by Gaia Garino and Christopher Martin (2007), entitled with the impact of labour turnover: UK. The research has observed the effect of employee turnover on the profit. The study briefly identified and used analytical methods and models. Finally the researcher concluded that there is positive relationship between employee turnover and profit.

The study carried by Waleed Alnaqbi (2011), concerned with the relationship between human resource practices and employee retention in public organizations in UAE. The researcher has identified that the factors that influence the retention of employees in UAE public organizations. The researcher found that workplace culture, lack of empowerment and management style, job design and leadership style as a factor that influence retention of employees. Moreover, the study concluded that improving work place conditions, connection between employee retention and leadership, job satisfaction and organizational commitment. The policy makers also should made reforms in HR issues generally and job design, job description, recruitment and selection specifically.

The study conducted by Vuyisile Mabindisa (2013), with the title the impact of staff turnover on organizational effectiveness and employee performance. The researcher has found salary is the primary cause of staff turnover. The study also showed that staff turnover causes reduction in effective service delivery to the customers and reflects poorly on the image of the department. Unhealthy working relationship also found as a cause for staff turnover. The researcher suggested that there should adjust salary to employees, establish reward system, career advancement and employee engagement in decision making.

Meskerem (2010) has undertaken study on an investigation of the nature of academic staff turnover: the case of Addis Ababa University. The researcher investigated the nature and extent of employee turnover by considering the department, professional rank, gender and seniority of an employee. The result indicates that in academic staff with a rank of lectures and female academic staff left the university more frequently in the study period. Finally, the researcher

recommended employee retention mechanisms like facilitating motivational mechanisms, improving compensation schemes, creating conducive academic environment, connecting their contribution to the industry.

Study has also conducted by Aman Racho (2015), with the title of the causes and effects of employee's turnover: the case of Oromia water works design and supervision enterprise. In doing so, the researcher tried to analyze the data that have been collected in the study area. The findings of the study revealed that terms of employment, favorable government policy an external market, lack of result oriented promotion and motivation, working environments as factors affecting employee turnover. The findings also stated that incentive mechanisms, job enrichment, job enlargement, participating employees in decision making. Proper treatment of employees will increase responsibility and enhanced pay fair promotion and career development are among the recommendation to reduce staff turnover.

The study made by Yezina Tsega (2014), on impact of employee turnover on Technical and vocational education training (TVET) institutions. The study revealed that the causes/factors and impacts of employee turnover. Salary, benefit package, poor manager, better opportunity in other institutions, promotion and poor managerial relations are some of the causes. The researcher recommend that salary adjustment, encourage employees to participate in decision making, giving promotions, sharing benefits based on their performance, giving clear path for career advancement, should give training and development mechanisms, assign competent leaders as a management of institution and provide necessary materials for innovation.

2.3. Conceptual Framework

2.3.1. Employee turnover and organizational effectiveness

According to Ayalew (1991), survival is the major long term objectives of any organization. Personnel/human resource management activities play a major role in ensuring that an organization will survive and prosper/grow. Organizational effectiveness and the lack of it are described in this title in terms of such criteria and components as performance, legal compliance, employee satisfaction, absenteeism, turnover, scrap rates, grievance rates and accident rates. In order for a firm to service and prosper, reasonable goals in each of these components must be achieved. In most organizations, effectiveness is measured by the balance of such

complementary characteristics as reaching goals, employing the skills and abilities of employees efficiently and ensuring the influx and retention of well-trained and motivated employees. Successful managers recognize that human resources deserve attention because they are significant factor in top management strategic decisions that guide the organizations future operations.

People limit or enhance the strengths and weaknesses of an organization. Current changes in the environment has in making strategic planning decision regarding people that all other resources are evaluated in terms of money and at present, in most organizations, people are not. There has been a push toward human resource accounting, which would place dollar values on the assets of organizations.

2.3.2. Causes (Reasons) of Employee Turnover

2.3.2.1. Remunerations

The main objective of compensation system is to attract & retain quality staff. In order to be able to retain staff, the reward that staff, receive for their compensation must be satisfactory. Grobler, Warmich, Carrell, Elbert & Hartfield (2002:382) state that compensation refers to all forms of financial returns & tangible benefits that employees receive as part of their remuneration package. Robbine (2003:72) agrees that the classical objective of any compensation system is to attract, retain & motivate employees. Poor remunerations is one of the reasons of staff turnover. If employees are not satisfied with what they paid, they normally leave to seek green pastures. Moreover, the working conditions, motivation, recognition, & an opportunity to grow must also be feasible. An employee may still leave even if another job offers on lower salary as long as he or she enjoys job satisfaction. Although financial incentives will encourage employees to stay over the short term, over the long term they need opportunities for growth (Tyani, 2001:98).

2.3.2.2. Performance Appraisal

Performance appraisal is the method by which the performance of an employee is measured. Employees need to be appraised in order to rate their performance & improve competence. Nel, Van Dyk Has brock, Schultz, Sono & Werner (2004:46) agree that successful organizations are characterized by performance –inclined, innovative, & creative employees. They state turnover

that this is a challenge to human resource management to retain such committed employees as well as less successful employees and to develop them further to the advantage of the organization & its stakeholders. Mulline (2005:454) states that people must be given recognition and credit where it is due. According to Cohen (2000:63), managers are often unresponsive to good performance, but they are quick to criticize on the few occasions when performance falls below expectations. Robbins (2003:74) adds that positive feedback on good performance is a strong motivator & staff members are more likely to accept & respond to constructive criticism.

2.3.2.3. Job Dissatisfaction

Job dissatisfaction is one of the major causes of absenteeism. Robbins Decenzo (2001: 120) state that a person with high job satisfaction holds a positive attitude towards the job. It is the people with negative attitudes that absent themselves. In a study conducted in a military health care facility by Mullins (2005:05), it was found that there was a positive relationship between job dissatisfaction, employee turnover and level of absenteeism. Therefore, the effectiveness of the organization will be affected by a high level of employee absenteeism.

2.3.2.4. Employee Training

According to Ichniowski (2004:11) another tool for staff retention is staff training. Training may help to become more competent and to enjoy their work even better. Training may gain confidence in their work which in turn may boost their morale. Reducing staff turnover will benefit business and save money (Mullins, 2005: 452). Moreover, replacing staff is costly and valuable skills are lost.

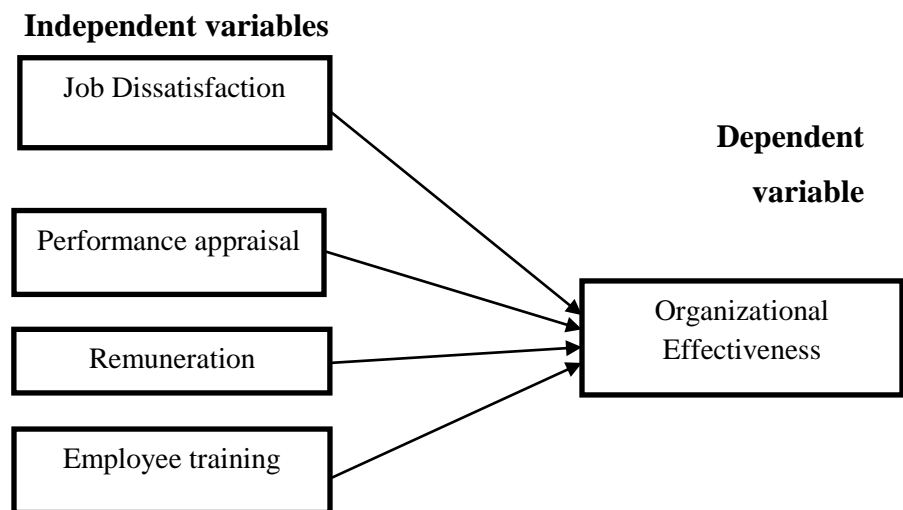
By providing staff with training and development they are more likely to be keen to take on greater responsibilities more suited to promotion or career progression. Staff may become confident and motivated and they may not rely too much on supervision. The costs associated with staff turnover are simply huge, taking into account the costs of recruitment, training and absence combined with average salaries and attrition rates (Tyani, 2001:101)

Career development requires formal action by an organization to ensure that employees with appropriate qualifications and experience are available when the organization requires their

services. According to Nel, et.al.(2004:373), the reasons for career development in organizations are the following:

- The quality of employees, work life is improved when she/he has the opportunity to progress in his/her career
- Employees are able to learn new skills with the result that there is always a demand for them.
- Career development of employees decreases on organization's employee turnover rate.
- The personal job satisfaction of the employee is enhanced when their abilities have been developed and when they are placed in positions that shift their ambitions and abilities.

Based on the review of literature, the following model (Figure 2.3.) aims to consolidate and structure the relationship between the variables following.



Source: Own survey and literature review

Figure 2.3: Employee Turnover and Organizational Effectiveness Model

The above model shows that the main theme of the study. It is the relationship between employee turnover, which is independent variable and its sub variables job dissatisfaction, performance appraisal, remuneration and employee training. Organizational effectiveness is dependent variable. Based on this conceptual framework the following hypothesis is developed to check the relationship between employee turnover, job dissatisfaction, performance appraisal, remuneration and employee training and organizational effectiveness.

2.4. Research Hypotheses

H1: Remuneration is positively related with organizational effectiveness.

H2: Job dissatisfaction is positively related with organizational effectiveness

H3: Performance appraisal is positively related with organizational effectiveness.

H4: Employee Training is positively related with organizational effectiveness.

CHAPTER- THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Description of the Study Area

This research study was conducted in the FDRE Ministry of Public Service and Human Resource Development (MOPSHRD). The study was conducted on the head office of the ministry. It is located in Addis Ababa, the capital city of Ethiopia special place called *WelloSefer*. The place is found at a distance of 4k.m from St. *Estifanos* church to Bole international airport. The ministry has 504 employees in 2009 E.C.

3.2. Research Design

The purpose of the research is to investigate the intention of employee turnover on organizational effectiveness of MOPSHRD. The research was designed more of quantitative study method to answer the research questions and were used some qualitative information for further understanding of the current situation of MOPSHRD. According to Soakaran (2003:87) qualitative research is conducted in a natural setting and involves a process of building a complex and historic picture of the phenomenon of interest, qualitative research, on the other hand, is an inquiry in to an identified problem, based on testing techniques.

The Mixed design which is descriptive and explanatory used to identify the intention of employee turnover and to develop relationship between causes of employee turnover on organizational effectiveness The study involves to The quantitative data were collected through standard structured questionnaire numerically in order to determine the perception of employees about the intention of staff turnover on organizational effectiveness. The related data were gathered by using semi structured interview.

3.3. Data Types and Sources

The study employed both qualitative and quantitative methods. Since using both types of data was vital to offset the limitations inherent with one method with the strength of other method (Creswell, 2003). The study used both primary and secondary sources to get consolidated data so as to reach on concrete findings. The primary sources of data were collected through

questionnaire from the selected employees by simple random sampling technique and interview also conducted with the human resources management (HRM) directorate and experts in the directorate. Secondary data was collected from the Ministry annual reports, exit interview of ex-employees, other published materials, national policies, Growth and Transformational Plan (GTP) II document of the ministry, development strategies, annual bulletin and rules and regulations of the organization.

3.4. Data Collection Instruments and Variables

To increase the breadth of information obtained from the respondents in relation to the effects of employee turnover on organizational effectiveness, the study used two types of data collection instruments:

Questionnaires: -in the study questionnaire will be prepared in the form of Likert scale that was used to collect the required data in relation to the effect of employee turnover on organizational effectiveness. Such data collection instrument was developed in order to gather data and avoid pressure on the respondents (Creswell, 2003). The researcher tried to identify the existing effect of employee turnover on the effectiveness of the organization in MOPSHRD and to show the relationship between employee turnover and organizational effectiveness.

Interview: in addition to the data obtained through questionnaire, interview was conducted for the whole HR department staff. The interviewer was collected the data from interviewee. The interview was conducted on face-to-face basis.

The semi-structured interview was used the advantage that can be derived from the interview in its flexibility in expressing different viewpoints on the subject under study. Thus, key informants like HRD Head and experts from the department were interviewed in semi-structured questions. The participants will be selected through judgment method because of their closeness to execute the issues. The independent variable is employee turnover and it was measured by job dissatisfaction, performance appraisal, remuneration and employee training. The dependent variable is organizational effectiveness.

3.5. Population, Sampling Technique and Sample Size

3.5.1. Population of the Study

All employees of MOPSHRD which is 504 were considered as a population of the study. From total of 504 employees 209 (41.1%) are females and 295 (58.6%) are male. Out of total employees 94 (18.7%) are administrative workers and the remaining 410 (81.3%) are professionals or experts. Even though 41 employees (19 female and 22 male) left the organization in 2009 E.C. only 24 exit interview documents of ex- employees are available and it was difficult to get these employees in person and to conduct interview or to participate in the study. Therefore only the exit interview document of these employee included in the study as a secondary source.

3.5.2. Sampling Technique

In the process conducting this study, both probability and non-probability sampling were used to select the study respondents. The study respondents of survey questionnaire were selected through simple random sampling (lottery method) because this technique will give equal chance to the employees being selected.

The study respondents from HR directorate were selected on purposive base (non-probability sampling) because HR experts who are directly working in the issue are expected to have rich knowledge than others.

3.5.3. Sampling Size Determination

In determination of sample size there are three criteria which are very important to gather the required data from sample respondents. These include the level of precision, the level of confidence of risk and the degree of variability in the attribution being measured that enable the researchers to determine appropriate sample size (Miauou and Mickener, 1976). Therefore, by considering these issues sample size to collect data through questionnaire for this research was determined by using Yamane (1967) formula. $n = \frac{N}{1 + N(e)^2}$

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

Where n= the sample size

N=the study population

e=the level of precision

I=designated the probability of the events occurring

$$\text{Therefore: } n = \frac{N}{1 + N(e)^2} \quad n = \frac{504}{1 + 504(0.07)^2} \quad n = 145$$

Therefore 145 (28.9%) respondents were used as sample for this study to gather data through questionnaire. To obtain representative samples; simple random sampling technique (lottery method) were used to select employees who will participate in completing the questionnaire.

Purposive sampling was considered as suitable technique to select manager and experts of HRD directorate. This is due to their experience and position which is directly responsible human resource functions. Hence, one director eight employees were selected for interview.

3.6. Data Collection Procedure

The researcher used primary data source like questionnaires and interview to collect data. The purpose of questionnaires is to investigate the perception of employee about the effects of employee turnover on organizational effectiveness. The semi-structured interview also conducted for the HRD director and experts of the directorate. In addition, secondary sources of information were gathered from MOPSHRD policies, strategies, reports, annual bulletin, books, Growth and Transformational Plan (GTP) II document of data was analyzed the ministry, journals and previous researches. In these procedures the researcher was collected data about the effects of employee turnover by considering both the dependent variable, i.e. organizational effectiveness and the independent variables which are job dissatisfaction, performance appraisal, remuneration and employee training. In order to administer data collection through questionnaire the researcher was selected three enumerates and give them half day training with regard to the entire purpose of the study & data collection procedure. Then, the questionnaire was administered in the selected samples during working hours (Monday to Friday) through the researcher's close supervision. This is because the responses were gathered using questionnaire; the interview was conducted with key informants. To this end, the researcher successfully completes the work by creating smooth relationship with employees working in the ministry.

3.7. Pilot Test

To ensure reliability and validity of the instrument, the researcher pilot tested the instrument using 27 employees of Ministry of Public Service and Human Resource Development. The trial run was to enable the researcher detect and iron out any fundamental problems that the respondents might encounter when responding to the survey prior to the administration of the questionnaire on the actual selected participants.

3.8. Reliability of the Instrument

The reliability of a measure indicates the extent to which it is without bias and ensures consistent measurement across time. It is a measure of stability and consistency with which instrument measures the concept. (Sekaran, 2003).

Cronbach's alpha one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates the extent to which the items in the questionnaire are related each other. It also indicates whether a scale is one-dimensional or multi-dimensional. The normal range of Cronbach's alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency.

Different authors accept different values of this test in order to achieve internal reliability, but the most accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003).

Table 3.1: Reliability Statistics of the Five Point Likert Scale Question

Field	Pre test		Post test	
	Number of samples	Cronbach's Alpha	Number of samples	Cronbach's Alpha
Job dissatisfaction	27	0.721	145	0.773
Performance appraisal	27	0.711	145	0.701
Remuneration	27	0.821	145	0.843
Employee training	27	0.741	145	0.792
Organizational effectiveness	27	0.831	145	0.868
Total	27	0.759	145	0.794

Source: Own survey 2017

3.9. Data Analysis Method

Following the completion of data collection, data analysis and presentation was conducted through filtering inaccuracy, inconsistency, incompleteness and illegibility of raw data to make analysis very easy. Once editing done, qualitatively and quantitatively. The collected data from the targeted employees' were summarized by using Excel and transferred and analyzed using SPSS to display the survey results. Descriptive analysis were used to analyzed the data collected from questionnaire in terms of frequency distribution, mean and percentages besides regression and Pearson correlation which was used to determine the proportion of respondents choosing the various responses and to use the relationship between employee turnover and organizational effectiveness. While qualitative data obtained through interviews and were analyzed qualitatively in sentence form. This was one for each group of items for relating to the research question and objectives. Tables were used to ensure easily understanding of the analysis.

3.10. Ethical Considerations

The researcher followed logical procedures in every stage of data collection processes. Accordingly, the respondents were informed consent the respondents and responsible officials of the ministry covered by obtained to discuss with and interview them about the subject under study. Therefore, on the basis of these ethical principles, efforts were made and confidentiality assured and kept throughout the process of this research work.

CHAPTER- FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Demographic Characteristics of the Respondent

This section analyzed the demographical detail of the respondents using frequencies and percentage

Table 4.1: Demographic Characteristics of the Respondents Characteristics and Categories of Frequency Present

Respondents Characteristics	Categories	Frequency	Percent
Gender	Male	85	58.6
	Female	60	41.4
	Total	145	100.0
Age	20-29	46	31.7
	30-39	41	28.3
	40-49	45	31.0
	50 and above	13	9.0
	Total	145	100.0
Marital Status	Single	79	54.5
	Married	63	43.4
	Divorced	3	2.1
	Total	145	100.0
Educational Level	Below Certificate	13	9.0
	Certificate	19	13.1
	Diploma	32	22.1
	Degree	74	51.0
	MA, MSC and above	7	4.5
	Total	145	100.0

Experience in the organization	Below 1 year	59	40.7
	1-2 year	31	21.4
	3-4 year	18	12.4
	5-6 year	27	18.6
	7 and above	10	6.9
	Total	145	100.0
Total experience of the employee	Below 1 year	27	18.6
	1-2 year	14	9.7
	3-4 year	17	11.7
	5-6 year	30	20.7
	7 and above	57	39.3
	Total	145	100.0

From the table 4.1 above, it is possible to produce the following facts. The majority of the respondents were 85 (58.6%) male and the rest 60 (41.4%) were female. Another description pointed out in the table 4.1 above, is that the age interval of the respondents.

The above table 4.1, also shows that 79 (54.5%) and 63 (43.4%) of respondents respectively are single and married the rest 3 (2.1%) are divorced.

As shown in the table 4.1, 13 (9%) and 19 (13%) of the respondents respectively are below certificate, and qualified at certificate level, 32 (22%) and 74 (51%) respondent respectively are qualified at diploma and degree level and the rest, that is 7(4.8%) respondents are qualified at MA, MSC and above level.

As illustrated in table 4.1 above, a majority of 59 (40.7%) of the respondents participated in this study are fresh graduates that is experience below one year, while 31(21.4%) and 18(12.4%) of the respondents respectively are between 3-4 and 5-6 year of service. while 27(18.6%) and 10(6.9%) of the respondent respectively are 5-6 and 7 year and above service year in the organization (MOPSHRD). From the above data we can summarize that only 37.9% of respondents served for 3 year and above in the organization. It indicates that is low retention rate

of the employees. In table 4.1, that summarizes total experience of the employee. 27(18.6) of the respondent have below a year experience 9.7, 11.7 and 20.7 percent of the respondents served for 1-2, 3-4 and 5-6 years respectively and the rest, 39.3 percent that have service more than 7 year.

4.2. Descriptive Analyses on Survey Result

The following descriptive analysis clearly shows the perception of respondents on the effect of employee turnover on organizational effectiveness. Therefore, this section has considered to analysis and find out the general perception of the respondents regarding the effect of employee turnover on organizational effectiveness and the relationship between job dissatisfaction, training and development, performance appraisal and feedback remuneration with organizational effectiveness. The findings are exhibited in the output of each variable below.

4.2.1. Descriptive Statistics for job dissatisfaction

From the table below, respondents perceived that job challenge is cause for dissatisfaction (mean= 4.02 with standard deviations =1.031), and In line with the above idea, They have also neutral stand on their position matches with the skill and knowledge they have (mean= 3.58 with standard deviation=1.103) most respondents also agreed that work boredom is cause for job dissatisfaction (mean=4.61 with standard deviation=0.689). In addition to this, more than half respondents that staff members involvement in decision making is very limited participation (mean= 3.07 with standard deviation= 1.103). Related to this, the result show that most respondents neutral stand on their satisfaction with the job what they are doing (mean= 3.02 with standard deviation= 1.639), and respondents also have stand against the task that they do at work are enjoyable (mean= 4.06 with standard deviation 1.276).

Based on the above data analysis most of the respondents perceived that job dissatisfaction has effect on employee performance and organizational effectiveness. In addition most employees of the organization are not satisfied with the job what they do. Therefore it reduces their motivation and may push them to search better organization. It is the cause for employee turnover and has an impact on the effectiveness of the organization.

Table 4.2: Job Dissatisfaction and its Descriptive Feature

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Job challenge a cause for dissatisfaction	145	1	5	4.02	1.031
Your position mismatches with the skill and knowledge you have	145	1	5	3.58	.805
Work boredom is the causes of job dissatisfaction	145	1	5	4.61	.689
Staff members are not involved in decision making	145	1	5	3.07	1.103
I'm not satisfied with the job what I do	145	1	5	3.02	1.639
The tasks that I do at work are not enjoyable	145	1	5	4.06	1.276
Valid N (list wise)	145				

4.2.2. Descriptive statics for performance appraisal

What is observed from the output of the table below average respondents agreed they perceived that “Their organization attempts to conduct performance appraisal the best possible way” displaying of an output of (M=4.19 and standard deviation=1.069).. Additionally more than average respondents agreed that manager are quick to criticize employees when performance falls below expectation (M=3.64 and standard deviation =0.1.326). In addition to this, most respondents agreed that managers provide positive feedback on good performance (M=4.60 and standard deviation =0.660). Moreover, the respondents also respond neutral on the question “The organization is good at providing recognition for good performance” (M=3.54 and standard deviation =1.467). In addition to this, mismatch between feedback and their actual performance have impact on their motivation and performance (M=4.51 and standard deviation 0.859). Furthermore most respondents disagree on “performance appraisal is valuable to them” (M=2.23 and standard deviation=1.200). Similarly, they disagree for the question “In their organization promotion bases performance”. (M= 3.00 and standard deviation=1.141). In general, among the above items used to measure performance appraisal and feedback has positive impact on organizational effectiveness.

The approach of performance appraisal and the feedback is good in the organization but it is not associated with the benefit of the employee it discourages the employees and now they are thinking it as meaningless. Hence this affects the motivation of employee and reduces the performance of the organizations therefore the top level management should associate performance with the career development of the employee.

Table 4.3: Performance Appraisal and its Descriptive Feature

Statements	N	Minimum	Maximum	Mean	Std. Deviation
My organization attempts to conduct performance appraisal the best possible way	145	1	5	4.19	1.069
Managers are quick to criticize employees when performance falls below expectation	145	1	5	3.64	1.326
Do managers provide positive feedback on good performance	145	1	5	4.60	.660
My organization is good at providing recognition for good performance	145	1	5	3.54	1.467
Mismatch between feedback is received is with what I have actually achieved is a factor to feel bad about my organization	145	1	5	4.51	.859
Performance appraisal is valuable to me	145	1	5	3.23	1.200
In my organization promotion bases performance	145	1	5	3.00	1.141
Valid N (list wise)	145				

4.2.3. Descriptive statistics for remuneration

The results from the table below regarding to the effect of remuneration on organizational effectiveness with the first item which is “availability of better payments positively affects employee turnover” with a response result of (M=4.73 and standard deviation=0.490). In relation to this, most respondents disagree on the item “The pay in the organization is adequate in relation to responsibility” (M=2.60 and standard deviation= 1.493). Similarly, most respondents agreed that the salary scale and other payments are encouraging factors to stay on the organization (M=4.70 and standard deviation=0.614). The respondents also have neutral stand on their future hope of getting better benefit made than to stay in the organization (M=3.84 and standard deviation=1.147). Finally, most of the respondents strongly agreed as they feel they are under paid (M=4.66 and standard deviation=0.603).

Generally, the overall result from the above table shows that the employees are not satisfied and have complain related with payments like salary and periderm for their field work it is affecting their performance and finally it has an impact on organizational effectiveness.

Table 4.4: Remuneration and its Descriptive Feature

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Availability of range of payment positively affects employee retention	145	1	5	4.73	.490
The payment was adequate in relation to responsibility	145	1	5	2.60	1.493
Salary scale and other payments are motivating factors to stay in the organization	145	1	5	4.70	.614
Future hope of getting better benefit made you to stay in the organization	145	1	5	3.84	1.147
I feel that I'm underpaid	145	1	5	4.66	.603
Valid N (list wise)	145				

4.2.4. Descriptive statistics for employee training

The outcome of the descriptive result revealed that the training programs was not disagreed based on the requirement of the job (M=3.2 and standard deviation=1.446) and the training programs was not designed based on the gap of ability to do the job (M=3.06 and standard deviation =1.360). They also agreed that the training method facilities and service is important factor for the effectiveness of the training (M=4.68 and standard deviation =0.470).

In relation to the above items, most respondents agree that the training programs evaluated during or at the end of the program (M=4.02 and standard deviation=1.064). Furthermore, they have neutral stand about the item “Are they satisfied with the over all aspects of the training program in the organization”. In addition to this, high level of disagreement recorded on the item “The basis for the selection of trainees based on performance evaluation result” (M=3.72 and standard deviation=1.289). Finally, most respondent agreed on the availability of long term training opportunity will make them to stay in the organization (M=4.48 and standard deviation =0.755).

There are many trainings are provided in the organization. But there are gaps related with the planning and delivery of the training it should be considered as a critical issue for the motivation of employee and the improvements on employee training has an impact on organizational effectiveness.

Table 4.5: Employee Training and its Descriptive Feature

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The training program designed based on the requirement of the job	145	1	5	3.2	1.446
The training program designed based on the gap of ability to do the job	145	1	5	3.06	1.360
The training method, facilities and services are important for the success of training	145	1	5	4.68	.470
Does the training program evaluate during or at the end of the program	145	1	5	4.02	1.064
Are you satisfied with the overall aspects of the training program in the organization	145	1	5	3.12	1.513
The basis for the selection of trainees my organization used is performance evaluation result	145	1	5	3.7	1.289
The availability of long term training opportunity in the organization will makes me to stay in the organization	145	1	5	4.48	.755
Valid N (list wise)	145				

4.2.5. Descriptive statics for organizational effectiveness

The outcome of descriptive result revealed that the employee turnover has effect on the growth of the organization (M=4.48 and standard deviation=1.041), and the competitiveness of the organization decreased due to employee turnover decreases work efficiency is also very high (M=4.59 with std. deviation=0.534). Moreover, the level of respondents agreement in terms of employee turnover decreases work efficiency is also very high (M=4.64) with std. deviation=0.509). Related to the above staff turnover creates work overload on the existing employees is also very high (M=4.43 with std. deviation=0.798). In addition to this, most of the respondents agreed that staff turnover cause a decline in service delivery (M=4.01 with std. deviation=0.975). Furthermore, there is also very high level of agreement on the item high staff turnover causes too much wastage of resources (M=4.64 with std. deviation=0.509) and they also agreed that high staff turnover causes employee not to meet their deadlines (M=4.57 with std. deviation=0.525).

Human resource is the primary issue for the success or failure of the organization. Employee turnover caused by many reasons in but in this study remuneration, employee training, job dissatisfaction and performance appraisal taken as an independent variable and organizational effectiveness as a dependent variable. Based on the above result the researcher also agreed that causes of employee turnover related and affecting the performance of organizational effectiveness. To improve the effectiveness of the organization the top management should emphasis on to reduce high level of employee turnover.

Table 4.6: Employee Turnover and Organizational Effectiveness and its Descriptive Feature

Statements	N	Mini mum	Maxi mum	Mea n	Std. Deviation
Employee turnover negatively affects the growth of the organization	145	1	5	4.48	1.041
Employee turnover decreases the competitiveness of the organization	145	1	5	4.59	.534
Employee turnover decreases work efficiency	145	1	5	4.64	.509
Do you think the staff turnover creates workload on the existing employees	145	1	5	4.43	.798
Staff turnover cause a decline in service delivery	145	1	5	4.01	.975
High staff turnover causes too much wastage of resource (cost) in the process of replacing by new staff	145	1	5	4.64	.509
High staff turnover causes employee not to meet their deadlines	145	1	5	4.57	.525
Valid N (list wise)	145				

4.3. Inferential Analysis of Variables

4.3.1. Correlation Matrix

Like the demographic factors, the scale typed questionnaire entered to the SPSS software version 20,000, to process correlation analysis. Based on the questionnaire which was filled by the employees of MOPSHRD, the following correlation analysis was made.

The researcher used Pearson correlation analysis to find out whether each pair of variables including, job dissatisfaction, performance appraisal and feedback, remuneration, training and development and organizational effectiveness are correlated. Correlation (r) is a parametric technique which gives a measure of the strength of the association between two variables.

According to Cohen (1988), the correlation result $r=0.10$ to 0.29 is a weak correlation, $r=0.30$ to 0.49 is a medium correlation and $r=0.50$ to 1.0 is taken as a strong correlation among variables.

Table 4.7: Correlation Analysis of Employee Turnover and Organizational Effectiveness

Employee turnover		Organizational effectiveness
Job dissatisfaction	Pearson correlation	0.652
	Sign(2- tailed)	.000
	N	145
Performance appraisal	Pearson correlation	0.597
	Sign(2- tailed)	.000
	N	145
Remuneration	Pearson correlation	0.699
	Sign(2- tailed)	.000
	N	145
Employee training	Pearson correlation	0.628
	Sign(2- tailed)	.000
	N	145

Note: Correlation is significant at 0.01 level (2- tailed)

From the above table, we can understand that all of the variables are positively correlated with each other. The correlation between Remuneration and organizational effectiveness also showed a strong correlation coefficient of 0.699. Furthermore, the correlation coefficient between Organizational effectiveness and job dissatisfaction is 0.652 which indicates a positive and a strong correlation. The correlation coefficient between organizational effectiveness and employee training is 0.628 showed strong linear relationships between the variables. In addition to the above correlation, Organizational effectiveness and performance appraisal is 0.597 indicating a strong direct linear relationship between them.

4.3.2. Multiple Regression analysis

Regression is a measure of association between two quantitative variables. This form of statistical test is only possible with interval or ratio data (WWW. SPSS for psychologists).

This regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (job dissatisfaction, performance appraisal, remuneration and employee training) explains the dependent variable that is organizational effectiveness.

The data value is measure of how strongly predictor variable influences the criterion variable. So that the beta value of this study indicated in the table 4.8 below is 0.694 which indicates that a change of one standard deviation in the predictor variable i.e. employee turnover resulted in a chance of 69.4 standard deviation in the criterion variable i.e. organizational effectiveness. Thus there is a higher impact of employee turnover on organizational effectiveness. Since the higher the beta, value the greater the impact of the predictor variable on the criterion variable.

The following subsections present the assumption tests, results of multiple regression analysis and its interpretation, Normality, Linearity, Auto correlation, Multi co linearity, Model, ANOVA and Coefficients along with the confirmation and rejection of the research hypothesis. So before doing the multiple regression analysis, regression assumptions are presented as follows;

4.3.2.1. Normality Test

Skewness and kurtosis values provided as part of the descriptive statistics output, providing information about the distribution of scores for the two groups. According to Peter Westfall (2014), Kurtosis is a measure of the extent to which observation cluster around a central point. In a normal distribution, the value of the kurtosis is zero. Positive kurtosis indicates that, relative to a normal distribution, the observation are more clustered about the center of the distribution and have thinner tails until the extreme value of the distribution at which point the tails of the leptokurtic distribution are thicker relative to a normal distribution. Negative kurtosis indicates that, relative to the normal distribution the observations are cluster less and have thicker tails, until the extreme value of the distribution at which point the tails of the platykurtic distribution are thicker relative of normal distribution.

According to Bulmber (1979), If Skewness is negative, the data are negatively skewed or skewed left, means that the left tail is longer than the right. If Skewness is positive, the data are positively skewed or skewed right that means that the right tail of the distribution is longer relative to the left tail. If Skewness = 0, the data are perfectly symmetrical. But a Skewness of

exactly zero is quite unlikely for real-world data, so Bulmer (1979) a classic suggests this rule of thumb: If Skewness is less than -1 or greater than $+1$, the distribution is highly skewed. Skewness is between -1 and $-\frac{1}{2}$ or between $+\frac{1}{2}$ and $+1$, the distribution is moderately skewed. If Skewness is between $-\frac{1}{2}$ and $+\frac{1}{2}$, the distribution is approximately symmetric. Therefore, it indicates that the data distribution is normal. Because, the coefficient of Skewness data value is between -0.5 and 0.5 and kurtosis value is not far from zero.

Table 4.8: Descriptive Statistics for Normality Test

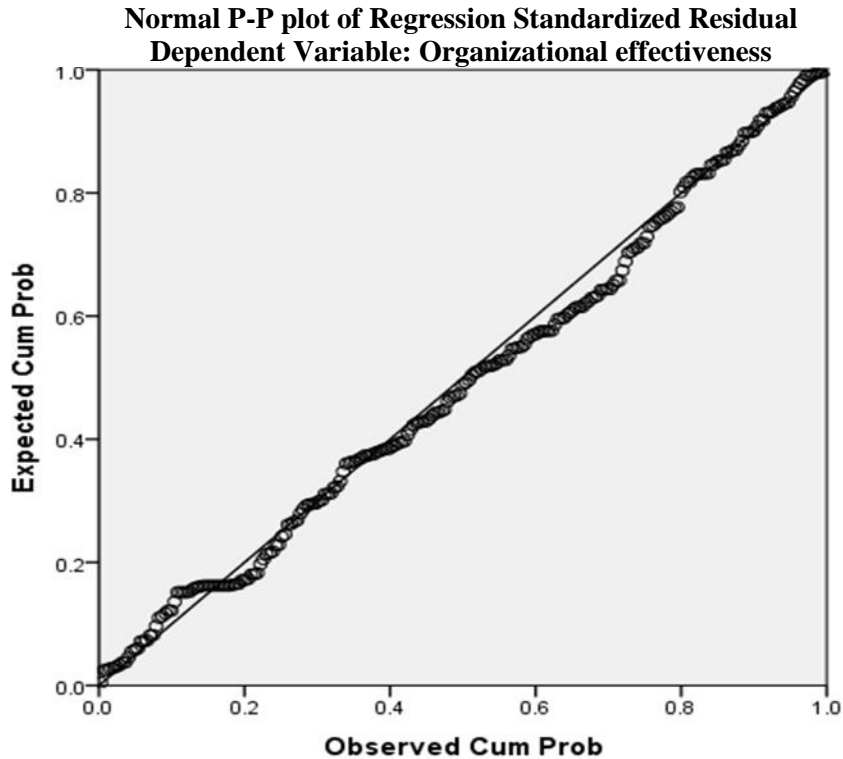
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Organizational Effectiveness	145	-.362	.207	.779	.405
Job Dissatisfaction	145	-.112	.207	.442	.405
Remuneration	145	-.280	.207	.514	.405
Performance Appraisal	145	-.263	.207	.793	.405
Employee training	145	-.339	.207	.663	.405
Valid N (listwise)	145				

4.3.2.2. Linearity Test

The best test for normally distributed errors is a normal probability plot or normal quartile plot of the residuals. These are plots of the fractals of error distribution versus the fractals of a normal distribution having the same mean and variance. If the distribution is normal, the points on such a plot should fall close to the diagonal reference line. A bow-shaped pattern of deviations from the diagonal indicates that the residuals have excessive skewness (i.e., they are not symmetrically distributed, with too many large errors in one direction). An S-shaped pattern of deviations indicates that the residuals have excessive kurtosis--i.e., there are either too many or too few large errors in both directions. Sometimes the problem is revealed to be that there are a few data points on one or both ends that deviate significantly from the reference line ("outliers"), in which

case they should get close attention. Therefore, a plot should fall close to the diagonal reference line. Thus, it fulfills the assumption of multiple regressions.

Figure 4.1: Linearity Test



4.3.2.3. Auto Correlation Test

Auto correlation test for any observation the residual terms should be uncorrelated (independent). This assumption can be tested with in the Durbin -Watson test, to examine serial correlations between errors. Specifically, it test whether adjacent residual are correlated. The test statistic can vary between 0 and 4 with a value of 2 which means that the residual are uncorrelated. A value greater than 2 indicates a negative correlation between adjacent residuals, whereas value below two indicates a positive correlation (field, 2009). The value of autocorrelations test of this study is 1.822 which is close to two. Therefore, there is no problem of auto correlation.

**Table 4.9: Autocorrelation Test (Durbin-Watson)
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.814	.617	.497	.765	1.822
a. Predictors: (Constant), Job dissatisfaction, remuneration, performance appraisal, employee training. b. Dependent Variable: Organizational Effectiveness					

Source: Own Survey, 2017

4.3.2.4. Multi co linearity Test

In multiple regression analysis, multi co linearity refers to the correlation among the independent variables. According to Kline (1998) multi co linearity is not a threat if the correlation value is less than 80%. Similarly, Cooper and Schindler (2003) argued that a multi co linearity problem exists when correlation scores are 0.8 or greater. When we observe the correlation matrix of predictor, there is no variable with a correlation coefficient of above 0.8.

The value of variance inflation factor (VIF) is still below 10 and the tolerance statics is above 0.1. Thus, all of the five evidence shows that there is no problem of multi co linearity.

Table 4.10: Co- linearity Statistics Coefficient

Model		Co- linearity Statistics	
		Tolerance	VIF
1	Job Dissatisfaction	0.765	8.217
2	Performance Appraisal	0.659	7.266
3	Employee training	0.598	7.241
4	Remuneration	0.501	8.527

Dependent Variable: Organizational Effectiveness

4.4. Regression Model Analysis

Table 4.11: Model Summary of Employee Turnover and Organizational Effectiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814	.617	.497	.765

a. Predictors: (constant), Job Dissatisfaction, remuneration, performance appraisal, employee training.

b. Dependent Variable: Organizational Effectiveness

Table 4.11 can also clearly show the value of R and R². In this analysis the value of R is 0.617 which is a measure of the correlation between the observed value and the predicted value of the dependent variable (organizational effectiveness). Whereas R square R² is the square of this measure of correlation and indicates the proportion of the variance of organizational effectiveness with the existence of employee turnover. Hence, R square=0.617 implies that only 61.7% of organizational effectiveness is explained by employee turnover in essence, this is a measure of how good a prediction of the dependent variable we can make by knowing independent variables.

Table 4.12: ANOVA Table for Significance of the Model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	158.236	5	61.837	68.235	.000 ^b
	Residual	161.103	144	.487		
	Total	319.339	149			

a. Dependent Variable: Organizational Effectiveness

b. Predictors: (Constant), Job Dissatisfaction, remuneration, performance appraisal, employee training.

Source: Own Survey, 2017

Table 4.12, presents the ANOVA report on the general significance of the model. As P is less than 0.05 and F value is large, the model is significant. Thus, the combination of the independent variables (Job Dissatisfaction, remuneration, performance appraisal and employee training) significantly predicts the dependent variable (Organizational Effectiveness) at Ministry of Public Service and Human Resource Development (F= 68.235, P< 0.01).

Table 4.13: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.211	.275		3.799	.000
Remuneration	.321	.069	0.641	6.722	.000
Job Dissatisfaction	.388	.067	0.613	2.643	.012
Employee training	.254	.068	0.552	3.622	.000
Performance Appraisal	.399	.059	0.481	3.211	0.01

R Square 0.617

p<0.05

Dependent variable: Organizational Effectiveness.

The result on the table above shows that causes of employee turnover (Job Dissatisfaction, remuneration, performance appraisal, employee training) have significance effect on organizational effectiveness. For instance, the causes of employee turnover remuneration has an impact on the effectiveness of the organization most dominantly (.641), so if the remuneration increased by 64.1%, then the effectiveness of the organization can also increase with the same level. The second factor that affects the performance of organization most is Job dissatisfaction having a coefficient of .61.3, if the employee job satisfaction increases by 61.3% the effectiveness of the organization increases by this much. The third factor that affects the organizational effectiveness is employee training having a coefficient value of .552, if employee training practices are increased with 55.2%, the performance of employees will also is increased as well as the effectiveness of the organization increases similarly. Finally, the factor that affects the organizational effectiveness is the performance appraisal having a coefficient value of .481, as

the organization approach on performance appraisal improved increases by 48.1%, then the organizational effectiveness will also be increased with the same amount.

4.5. Hypothesis Testing

Hypothesis-1

H_{01} =Remuneration wouldn't have effect on organizational effectiveness

H_{a1} =Remuneration would have positive effect on organizational effectiveness

The results of table 4.13 above, revealed that remuneration has a positive and significant effect on organizational effectiveness with a beta value (0.641), at 95% confidence level ($P < 0.05$). This is similarly indicated by Walled Alnaqbi, (2011) compensation and reward Systems influence job satisfaction and the turnover rate of a company. So it is essential that packages on offer are competitive in nature and have innovative benefits to help motivate good workers to stay, and encourage talented newcomers to join the organization.

Therefore, the researcher may reject the null hypothesis and it is accepted that, Remuneration has appositive effect on organizational effectiveness.

Hypothesis-2

H_{02} =Performance appraisal wouldn't have effect on organizational effectiveness

H_{a2} = Performance appraisal would have positive effect on organizational effectiveness

The results of the table 4.13 Shows that standardized coefficient beta and P value of performance appraisal were positive and significant (beta=0.48, $P < 0.05$). According to Poon, (2004) Performance appraisal is about increasing insight of being appreciated and being part of the team in organization. Furthermore, it has been argued that dissatisfaction with performance appraisal affects job satisfaction and in turn affects employee retention (Poon, 2004).

Thus, the researcher may reject the null hypothesis and it is accepted that, Performance appraisal has a positive effect on organizational effectiveness.

Hypothesis-3

Ho₃= Employee training wouldn't have effect on organizational effectiveness

Ha₃= Employee training would have positive effect on organizational effectiveness

Results of table 4.13 above, showed that standardized coefficient beta and P value of employee training were positive and significant (beta=0.55, P<0.05). In related to this, Khan (2012), a competitive success of an organization is achieved through the skills and potentials of the people in that they possess (Leimbach et..al, 1998).

Thus, the researcher may reject the null hypothesis and it is accepted that, employee training has appositive effect on organizational effectiveness.

Hypothesis-4

Ho₄=Job dissatisfaction wouldn't have effect on organizational effectiveness

Ha₄= Job dissatisfaction would have positive effect on organizational effectiveness

Table 4.13 further shows that Job dissatisfaction had a positive and significant effect on organizational effectiveness. With the beta value (beta=0.613) at 95% confidence level (P<0.05). Similarly, Purcell and others (cited in Armstrong, 2003, p. 240) see job satisfaction as having a significant effect on organizational performance in that the discretionary behavior that helps firms be successful is most likely to occur when employees are well-motivated and feel committed to the organization, and when the job gives them a high level of satisfaction.

Therefore, the researcher rejected the null hypothesis and Job dissatisfaction has a positive effect on organizational effectiveness.

In overall, the results revealed that all independent variables accounted for 61% of the variance in organizational effectiveness (R = 0.617). Thus, 61.7% of the variation in organizational effectiveness could be explained by employee turnover (remuneration, performance appraisal, and employee training and job dissatisfaction) and other unexplored variables may explain the variation in organizational effectiveness which accounts for about 39%, as it is shown in table 4.13.

4.6. Description and Analysis of Data Obtained Through Interview

Under this section the data obtained through interview with the Human Resource Directorate Director and experts about the intention of employee turnover and its effect on organizational effectiveness was described and analyzed below based on the thematic areas of the study.

Question 1

“What are the reasons for employee turnover in this organization? What are the main reasons of turnover mentioned by resigned employees?”

Benefits can demonstrate to employees that a company is supportive and fair, and there evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Tompkins and Beech, 2002). Within this fact all the respondent replied that the main reason which is mentioned by the employees to leave the organization is the need of better salary. Within this respect the organization should competitive salary structure to retained talented employees.

Based on the documents and oral sources of data, there is an exit interview when employees apply to resign from the organization. All the interviewee agreed on the causes which mentioned by most employees that is need of getting job of better salary and benefit. But few employees were described they left the organization due to personal reason. This response indicates that the organization should think of the salary scale and additional benefit to retain employees.

Question 2

“Which groups of professionals are leaving the organization frequently? What is the intention of current employees to stay in the organization?”

There are two categories which leads turnover in the organization. As all interviewee explained, that newly deployed professionals (fresh) and need from department reform and good governance expertise frequently leave the organization. Based on the respondents why the rate is high in two categories, currently there is demand on the market in reform and good governance position and fresh employees are young and easily decide to shift the job as compared as senior employees.

Almost all of the interviewers agreed that it is impossible to be sure about the feeling of the employee's intention to stay in the organization. But they are responded that more than half of current employee searching other jobs that makes them high payable. Therefore, most employees stay the organization until they get job which has better salary.

Question 3 and 4

“Do you believe that there is relationship between employee turnover and organizational effectiveness? If your answer is yes, how can you explain the relationship?”

An organization's success depends mainly on employee retention, which will help the organizations reduce employee's job turnover and increasing organizational effectiveness (Mohsen, 2007). Based on this statement, all the interviewee responds that there is relationship between employee turnover and organizational effectiveness. They explained as it is related with time, cost and performance of the organization. For instance, the cost of recruitment and selection of employee, the time which required for the process of hiring, induction and supervision is very high. In addition to this it has also impact on the existing employees by adding responsibilities due to the gap occurred by vacant.

Generally, the organization is facing problems and should develop strategies to reduce employee turnover and to minimize its impact.

Question 5 and 6

“What would you suggest to reduce high level of employee turnover? What measures does the management take to reduce the level of turnover in this organization?”

The information obtained from interviewee regarding the above question supported by the organizations HR manual. The organization made eight scale salary increments as compared with other public sectors in 2008E.C. But, still there is high rate of employee turnover. Based on response of HR experts even though there is different in salary scale from public sectors, employee wants to join other sectors like Development sectors and NGO's to get better salary and benefit package.

The interview with HR director and expertise indicates that in addition to increment in salary scale the organization didn't do other improvements like creating conducive working environment, additional benefit package, and improved training and development programs especially for low level (Diploma and B.A/B.S.C.) and advanced level (PH.D.) programs.

Based on the information gained through interview, the HR staff suggested the following recommendations to reduce level of employee turnover

- Salary increment
- Implementation of horizontal career structure
- Create Alignment with benefits and performance
- Benefit package like:- health insurance, house allowance
- Advanced employee training opportunities
- Price adjustment in staff cafeteria service
- Implementation of JEG (Job Evaluation and Grading) a project which aims to apply equal pay for equal job. The Ministry working on it but still there is delay to implement the project.
- Improve the involvement of employee in decision making.

All interviewees acknowledge that there is no HRM policy in the organization. Even though, the ministry has mandated to develop HRM policy as national level for all public sectors, still it is in process. However the ministry has developed and using a lot of manuals, guidelines and frameworks which used to execute HR issues. Interviewees believe that national HRM policy very important document which serves as a base to develop different important strategies to overcome challenges related with employee turnover.

CHAPTER- FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1. Summary of Key Findings

The following key findings were obtained after analysis of results.

- The result shows that one of the causes of employee turnover remuneration can predict the effectiveness of the organization by 64.1%.
- Job dissatisfaction can also predict the effectiveness of the organization by 61.3%.
- Employee training on the other hand can predict the effectiveness of the organization by 55.2%.
- Based on the result of the analysis performance appraisal predict the effectiveness of the organization by 48.1%.
- From the regression outcomes, it is observed that employee turnover do significantly related to organizational effectiveness.
- The information obtained from interviewee and document analysis, there is concern on employee turnover in the reporting system but it couldn't create an impact to reduce employee turnover.
- Based on the oral and written document analysis of salary and benefit package are the main reasons of employee turnover.
- The interviewee result also showed that there is relationship between employee turnover and organizational effectiveness. They also explained that there is loose of time, cost and talent due to employee turnover. It has also affected the performance of the organization and unable to deliver the result based on the standard. Moreover, turnover also creates workload on the HR staff and existing employee.
- Based on interview and document analysis there is high rate of turnover from Reform and Good governance department as compared with other directorates. Fresh graduates also leading by leaving the organization as compared with seniors. Only 60% of current employees are served more than one year in the organization.
- Moreover, responses from the interviews and document analysis indicate that even though there are many manuals and guidelines available, there is no HRM policy document in the organization. However the Director of HR explained it is on the process.

5.2. Conclusions

The results obtained from the analyzed quantitative and qualitative data showed that the causes of employee turnover in the MOPSHRD are identified. Remuneration which is salary and related payment are the primary reasons for the employees to leave the organization. Lack of need based employee training and advanced long term training opportunities are other reasons. Based on the data obtained from interview and questionnaire job dissatisfaction specially limited involvement of employees in decision making and performance appraisal related issue like opportunities for career development are the causes for employee turnover. In relation to this performance appraisal is not related with benefits of employee is as a cause for demotivation and leads the employee to leave the organization.

In other words, there is high employee retention rate, the better the organization perform. It is then obvious from the analysis that employee retention is key way to make the organization effective. Therefore, it is clear that employee turnover is a major inhibiting factor for organizational effectiveness and reducing employee turnover a lot and should be a matter of importance of organizational effectiveness.

Moreover, based on the information collected from this survey, the regression analysis result show that there is positive relationship between employee turnover and organizational effectiveness; and the most and major finding of this study is a clear indication of remuneration, performance appraisal, employee turnover and job dissatisfaction are significantly affecting the performance of the organization.

The research found that a significant relationship between employee turnover (remuneration, job dissatisfaction, employee training, performance appraisal) and organizational effectiveness with the beta value 0.64, 0.61, 0.55 and 0.48 respectively at 95% confidence level ($P < 0.05$). Hence, the organization needs to concentrate on the employees needs in order to enhance organizational effectiveness. From this research study, responses gathered and has proved that hypothesis regarding employees job turnover were true; hence the independent variables and associated with organizational effectiveness.

Generally, when it looked to the over conclusion of this study since the causes of employee turnover has a significant effect on organizational effectiveness, learning about what causes makes them to live the organization, may generate essential information for effective HRM.

There by retaining talent pool of employees for the long term and for the success of the organization. Furthermore, such learning may help the organization to find answers to two questions such as “Why do some organizations invest greater effort on their employees and why employees turnover rate become high in the organization?”

5.3. Recommendations

Based on the findings of the study the following recommendations are forwarded.

Human resource should get emphasis since they are engine for other resources such as physical resources, information and financial resource. Thus designing and implementing employee retention strategy and package alongside with HRM policy is a critical issue for the organization.

The findings of the study confirmed that employee turnover in organization resulted from attempt to get better payment which is remuneration. Therefore, the top level management should take improvements to increase salary provide additional incentive package, like house allowance, transport allowance and medical coverage. Even though MOPSHRD has been working on the implementation of Job Evaluation and Grading (JEG), employees assigned on the new graded jobs are not getting the amount of pay determined for the job is not implemented. If the payment is release, it helps to retain employees.

The organization is not achieving its mission well due to employee turnover the MOPSHRD costing money and time a lot to replace new employees by those who left the organization. In addition there is an effect on the performance of the organization which requires close supervision, induction and adaptation. Therefore the organization should deliver better training opportunities specially need based training programs and associate it with performance of employee. It is undeniable fact that in recent times many organizations have come to the realization of the importance of the role of employee training progresses as it increases the organization staff efficiency, skill and productivity. Due to this fact the organization must be cleared about the learning requirement of employees. Therefore, the top management should give due emphasis for the training and development progresses of HRD planning up to implementation. In relation to this, Human Resource Directorate should arrange scholarship for the lower and advanced level (Diploma, B.A/B.S.C. and PH.D.).

There is complains on the delivery of facilities like cafeteria services and day care could have an impact to retain employees as well as the motivation of employees. It has an impact on organizations effectiveness. To retain employees the organization should ensure employee satisfaction. Therefore the workplace environment needs to be made sustainable the needs of employees by taking improvements on the service staff cafeteria and provision of day care because 209 employees which are 41% are female employees. Providing necessary materials and facilities for the job and improving participation of employees in decision making also another important area improvement to enhance employee satisfaction.

Even though the proclamation 515/1999 of public servants stated that there should be alignment between performance and career structure, still it's not practice. According to Weiss (2007), ongoing recognition can provide invaluable motivation that can maintain employee commitment and performance across an organization. Performance should be aligned with benefits to encourage best performers. Therefore, it should put in to practice. A system to employee motivation and recognition of best achievers, it will have dual effect. It can serve as a strategy for employee retention and create competition between employees ultimately enhances organizational effectiveness. In line with this, horizontal career structures have to implement to encourage employee who are performing best in similar position and salary scale for many years.

The issue of employee turnover requires further research. Future researchers could also include other public sector organizations and other causes of employee turnover as the study subjects. This will help them to make comparisons in the similar organizations. Thus, future research is also recommended to study on employee turnover and organizational effectiveness that are not covered in this study that may have impact on the effectiveness of the organization. This is because the results of this study indicate that there are also other factors determine the effectiveness of the organization. Furthermore, more investigations also conduct on how the organizations handle employee turnover by reducing its effect on their performance.

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APPENDICES
APPENDIX-A
St. Mary's University

School of Graduate Studies

Department of Business Administration

(Questionnaire to be filled by employees)

Dear respondents:

This questionnaire is designed to gather data about “*The intention of employee turnover on organizational effectiveness the case of Ethiopian Ministry of Public Service and Human Resource Development.*” The information will as a partial fulfillment of master’s degree in Business Administration at St. Mary’s University. The data you provide are believed to have a great value for the success of this research. I confirm you that all data will be used for academic purpose and analyzed to anonymous through the authorization of the university. As a result, you are not exposed to any harm because of the information you provide. Finally, this research is to be evaluated in terms of its contribution to our insight about the effects of employee turnover on organizational effectiveness in the case of Ethiopian Ministry of Public Service and Human Resource Development. You are not required to write your name. I would like to thank you in advance for your sincere cooperation!

Sincerely yours

Part I – Demographic Information

Direction: please thick (✓) the appropriate response in the box provide.

1. Gender: Male Female
2. Age: _____
3. Marital Status: Single Married Divorced
4. Educational level: Below Certificate Diploma
Certificate First Degree
M.A. /M.S.C. and above
5. How long did you work in this organization (in years)?
Below 1 1-2 3-4 5-6 7 and above
6. Your total experience (in years)
Below 1 1-2 3-4 5-6 7 and above

Part II: Factors Affecting Employee Turnover

Direction: Please rate each of the statements by encircling the appropriate number. Where, 1= strongly disagree; 2= disagree; 3 = neutral; 4=agree; 5=strongly agree

I	Questions related with Job dissatisfaction	Agreement Scale				
1.	Job challenging	1	2	3	4	5
2.	Your position mismatches with the skill and knowledge you have	1	2	3	4	5
3.	Work boredom is the causes of job dissatisfaction	1	2	3	4	5
4.	Staff members are not involved in decision making	1	2	3	4	5
5.	The tasks that I do at work are not enjoyable	1	2	3	4	5
6.	I'm satisfied with the job what I do	1	2	3	4	5
II	Performance appraisal	Agreement Scale				
1.	My organization attempts to conduct performance appraisal the best possible way	1	2	3	4	5
2.	Managers are quick to criticize employees when performance falls below expectation	1	2	3	4	5
3.	Do managers provide positive feedback on good performance	1	2	3	4	5
4.	My organization is good at providing recognition for good performance	1	2	3	4	5
5.	Mismatch between feedback is received is with what I have actually achieved is a factor to feel bad about my organization	1	2	3	4	5
6.	Performance appraisal is valuable to me	1	2	3	4	5
7.	In my organization promotion associated with performance	1	2	3	4	5
III	Remuneration (Salary and benefit package)	Agreement Scale				
1.	Availability of Range of benefits positively affects employee retention	1	2	3	4	5
2.	The pay was adequate in relation to responsibility	1	2	3	4	5
3.	Salary scale and other benefits are motivating factors to stay in the organization	1	2	3	4	5
4.	Future hope of getting better benefit made you to stay in the organization	1	2	3	4	5
5.	I feel that I'm underpaid	1	2	3	4	5
IV	Employee Training	Agreement Scale				
1.	The training program designed based on the requirement of the job	1	2	3	4	5
2.	The training program designed based on the gap of ability to do the job	1	2	3	4	5
3.	The training method, facilities and services are important for the success of training	1	2	3	4	5

4.	Does the training program evaluate during or at the end of the program	1	2	3	4	5
5.	Are you satisfied with the overall aspects of the training program in the organization	1	2	3	4	5
6.	The basis for the selection of trainees my organization used is performance evaluation result	1	2	3	4	5
7.	The availability of long term training opportunity in the organization will make me to stay in the organizations	1	2	3	4	5
V	organizational effectiveness	Agreement Scale				
1.	Employee turnover negatively affects the growth of the organization	1	2	3	4	5
2.	Employee turnover decreases the competitiveness of the organization	1	2	3	4	5
3.	Employee turnover decreases work efficiency	1	2	3	4	5
4.	Do you think the staff turnover creates work overload on the existing employees	1	2	3	4	5
5.	Staff turnover cause a decline in service delivery	1	2	3	4	5
6.	Do you think staff turnover cause wastage of resource (cost) in the process of replacing by new staff	1	2	3	4	5
7.	High staff turnover causes employee not to meet their deadlines	1	2	3	4	5

APPENDIX-B
St. Mary's University
School of Graduate Studies
Department of Business Administration
(Interview to Be Answered by HR Experts and Managers)
Semi - Structured Interview Questions

The following interview questions are prepared for the human resource development directorate director and human resource expertise.

1. What are the reasons for employee turnover in this organization? What are the main reasons of turnover mentioned by resigned employees?
2. Do you believe that there is relationship between employee turnover and organizational effectiveness? If your answer is yes? How can you explain the relationship?
3. What would you suggest to reduce high level of employee turnover?
4. What measures does the management take to reduce the level of turnover in this organization?
5. Which groups of professionals are leaving the organization frequently?
6. What is the intention of current employees to stay in the organization?