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

DETERMINATS OF WORK FORCE TURNOVER INTENTION AT ETHIOPIAN FEDERAL DEMOCRATIC REPUBLIC OF HOUSE OF FEDERATION

BY
FEKADU TUMSIDO OREMO

December, 2018
ADDIS ABABA, ETHIOPIA

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BY

FEKADU TUMSIDO OREMO

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this research paper is my original work, prepared under the guidance and supervision of my advisor Ass. Professor Goitom Abreham. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Fekadu Tumsido _____

St. Mary's University, Addis Ababa, December, 2018

Endorsement

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

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 Goitom Abreham.

(Asst. prof.)

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ACKNOWLEDGEMENTS

ACRONYMS

HOF………….. House of Federation

HRM………….Human Resource Management

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ABSTRACT

The organization (House Of Federation) under the study registered high employee turnover during last six years. This specific study tries to identify the main factors/reasons of this high employee turnover. In doing so the study used both primary and secondary data sources and for the purpose of collecting data, it used different instruments which are questionnaires both for the current employees and ex-employees and interview for the human resource management staffs. In order to analyze the collected data, descriptive statistics like frequency count, number, and percentage was used. The findings of the study revealed that, since 2013-2018 there is continuous high, medium and low employee turnover which is at 2013 it was 8% at 2018 raised to 30%, increased by 22% causing high cost to the organization. Dissatisfaction of the employees with the salary and other benefits they received, dissatisfaction with the recognition that the employees receive from the management, lack of fair treatment and justice by the management to employees, information gap (lack of orientation for newly entrant employees) between the management and employee, unsecured /risky working environment, dissatisfaction with the promotion given and related benefit received, and lack of recognizing/rewarding hard working employees are the main causes of the employee turnover. Employee turnover is so serious to HOF causing for experienced and skilled professionals to leave HOF, resulting high cost of outsourcing, announcing vacancy, recruiting, interviewing and hiring and made the HOF not to accomplish its constitutional mandates effectively and efficiently. Regarding retention strategy, no effort was made. To conclude the House of Federation should improve the working conditions of the environment, should narrow the information gap between management and the employees. Should limit the scope of political interference with professional works. Merit and skill based job placement should be practiced in the organization. Motivating the employees using different strategies, paying the employees in accordance to the risk they take and showing high concern by the HRM and management of the organization to the problem of turnover are some of the recommendations given in order to solve the problem.

Key words: Employee's turnover, HRM, HOF

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

People have always been essential to organization because they provide inspiration, creativity, vision and motivation that keep an organization alive. They provide the skills and competencies necessary to make an organizational work. They are the major and often the most important resource that an organization has. According to Mobley (1982), "The quality of an organization's people is always an essential ingredient of successful strategy execution – knowledgeable, engaged employees are a company's best source of creative ideas for the fundamentals operating improvements that lead to operating excellence". Firms may employ next to kin of applicants as the best way to motivate and retain the top talent. Despite the fact of family reasons, this approach will minimize the family reasons to quit the organization, particularly, in the technical work. /(Mobley (1982).Employee turnover, causes, consequences, and control It is known that the development of human resource is essential to a country's prosperity, growth. And to the effective use of its physical capital (Tolbert and Baum, 1985). It is the responsibility of human resources in deciding on financial related issues, plan new products and provide services on the basis of the organization's objectives set. All organizations combine human, material and financial resources to meet their goals and objectives among which human resources are the most important resources of an organization./(Tolbert and Baum, 1985)

Achieving objectives of organizations tends to be difficult without effective human resources .As Yohannes Melaku, (2010) stated human resources are considered as the crucial element of a given institution because they can shape the production of the organization in a significant manner. In general, organization's productivity and effectiveness can be influenced by the management of human resources .It is acknowledged that most of a human resource movement in organizations takes place through promotions, demotions, and transfers. Another form of employee movement involves what is known as turnover. This kind of movement differs from the above set of movement in that the kind of movement is the movement of employees out of

the organization that results from resignations, transfers out of the organization units, discharges etc. **(Carell et al, 1992).**

Employee turnover is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. Many factors play a role in the employee turnover rate of a company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance can be all factors that play a significant role in employee turnover.

The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well. Those who are desperate for a job may take the first one that comes along to carry them through while searching for better paying employment. Also, employees tend to leave a company because of unsatisfactory performance appraisals.**(Heneman et al, 1996).**

At this point, it would be desirable to distinguish between involuntary and voluntary turnover of employees because managerial activities necessary control the two different types of terminations based on the nature of the turnover. As the term indicates, involuntary termination or turnover of employee is usually initiated by organizations. Sometimes excessive involuntary terminations are seen in organizations because of many circumstances under which a given organization is found. For example, involuntary turnover of employees could result because of performance inadequacies of employees; or perhaps because of unreasonably harsh policies or because supervisors are unduly eager in applying the rules, etc (Heneman et al, 1996).

Thus, high turnover is always a symptom of problem that something is wrong within the organization and/or may be an indicator of better opportunities elsewhere outside the organization. Moreover, studies reveal that excessively high turnover of employees can result in Unacceptable replacement costs through recruitment, selection, training and socialization, employment relocation, and additional supervision. Furthermore, too much turnover can have an adverse effect on recruiting efforts in that prospective staff wants to know why the former employee left or were discharged impacts negatively on those remaining employee creating a feeling that may be something is wrong with the organization or that opportunities are better

elsewhere. In general, turnover can affect the whole human resource management process(Pennington and Edward, 2000; Taylor, 1998).

For institutions to be successful, it must continuously ensure the satisfaction of their employee(Berry, 1997).

Organization with more satisfied employees tends to be more effective (Robbins and Judge, 2007), besides, happy workers are more likely to be a productive worker. Man power in an organization is the most important resource to enable organization to do its task with out human resource, the organization will not be able to implement the business plan and retaining them has become a challenge to organizational management because of varied employee needs.

Different researchers developed different models to enlighten and advance the understanding of employee turnover to explain and predict employees' movement within or out of the organization. Employees which have the biggest impact on the growth and development processes in helping the organization achieve expected goal have the critical problem of turnover.

1.2. Background of the House of Federation /organization/ and its current structure

The House of Federation is the second chamber of federal parliament, representing all nations, nationalities and people of Ethiopia. It was established in 1995 according to the federal Constitutional article 61 and proclamation 251/2001 consolation of the house of federation and the definition of its power and responsibilities. The House of Federation is largely responsible for issues of Constitutional importance and monitoring matters among the Federal and Regional Governments themselves. It has the power to interpret the Constitution, Resolving conflicts between regional states and organize the Council of constitutional Inquiry. In addition, it has also the power to promote the equality of the peoples of Ethiopia in the constitution and promote and consolidate their unity based on their mutual consent; exercise the powers concurrently entrusted to it and to the House of Peoples Representatives; strive to find solutions to disputes or misunderstandings that may arise between States; and determine the division of revenues derived from joint federal and State tax sources and the subsidies that the Federal Government may provide to the States.

Members of the House of Federation are either popularly elected directly by the people or indirectly by the Regional councils. This body is composed of representatives of Nations, Nationalities and Peoples whereby each Nation, Nationality and People is represented by at least one member and by one additional representative for each one million of its population Whether or not the election of House of Federation members by regional councils was constitutionally legal was an issue of debate among participants at the validation conference. One view was that since regional councils were popularly elected bodies it was perfectly acceptable that they exercise the mandate to elect members to represent each nation, nationality and people in the House of Federation.

Figure 1:The Structure of House of Federation

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1.3. Statement of the problem

The most important and the only single resource in any organization is people. The development of human resource in organization is supposed to be a necessary condition for organizational sustainability and dynamic development than other resources. Otherwise, the organization couldn't compete and achieve its goals in this dynamic business competition and complex modern period. In practice, however, high turnover of professional personnel was found to become of the critical problems (MoE, 2002). With high turnover problem, it is impossible to expect the sector to produce knowledgeable, trained and skilled human resource. Employees which have the biggest impact on the growth and development processes in helping the organization achieve expected goal have the critical problem of turnover. This problem of turnover is observed in the area where the study has been carried out.

Employees' turnover remains one of the most widely researched topics in organizational analysis (Dalton and Todor, 1981). Despite the significant progress of research in this field (Morelland associate, 2004; Negrin and Tzafrir, 2004), there is a great deal of confusion as to what might actually cause employees to leave their organization.

High employee turnover/quit/ rates may expose efforts not to attain organizational objectives. In addition, when an organization loses a critical employee, the effectiveness on innovation, consistency in providing service to customers and timely delivery of services to customers may be negatively affected.

It is very critical function of Haman resource management in order to manage the work force turnover. In any organization /institution/ whether it is governmental or non-governmental managing turnover of the work force is very important to achieve the indented goals. Accordingly planned and useful research on the problems has to be under taken and factors that cause the work force turnover in House of Federation believed to be identified.

1.4. Research Questions

      1..3.1. What are the causes of employee turnover in the HOF?

      1..3.2. How serious is employee turnover in the HOF?

1..3.3. What efforts are made by House of Federation to retain employees?

1..3.4. What measures should be taken to mitigate the effect of turnover?

1.5. Research objectives

1.5.1. General objective

The general objective of this study is to identify the major determinants of work force turnover in House of Federation.

1.5.2 Specific objectives

The specific objectives of the study are specified as follows;

➢ To identify the main causes of workforce turnover on the HOF

➢ To assess how serious the effect of turnover on HOF

➢ To assess what employee retention mechanism were implemented in HOF

➢ To understand what measure should be taken to retain employee in future

1.6. Significance of the study

The success of the HOF is measured mainly by offering quality service to its prospective clients especially for the Ethiopian Nations, nationalities and peoples as per constitutional mandates. To ensure this it is believed that the workforces should have tobe motivated in all aspects of work and work-related situations. And anything that cause turnover has tobe eliminated as much as possible. Experienced and skilled manpower highly are needed, so as to achieve the goal. Therefore this study will contribute a significant value to reach in to the solution by identifying major determinant factors that cause the workforce turnover out as well as recommending the opinion to HOF.

1.7. Scope of the study

The scope of the study is limited /framed/ specifically to human resource management functions and the principles, procedures and guidelines it follows / the relationship between HOF culture and its employees/ to manage the work force from budget year 2013 - 2018.

1.8. The limitation of the study

Despite the financial constraint it would be more convenient if the study includes some other stake holders and democratic institutions' experiences as its data sources of workforces and how the employees leave their institutions and the mechanism they use to retain them. However, this study planned to be limited to the workforces those who left the organization and HRM department of HOF.

1.9. Organization of the study

- The study is organized in to five chapters
    - ➢ Chapter One-   Introduction
    - ➢ Chapter Two –Literature Review
    - ➢ Chapter Tree-Research Design and Methodology
    - ➢ Chapter Four- Data presentation, analysis and Interpretation
    - ➢ Chapter Five-Summary, Conclusion and Recommendation

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

2.1.1. The workforces turnover definition and concepts

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to human resources practitioners. Although different types of turnover exist, the general definition is that turnover occurs when the employment relationship ends. Turnover and attrition – terms that are sometimes used interchangeably or together when describing the departure of an employee – are different. Attrition generally refers to the end of the employment relationship due to retirement, job elimination or employee death, and is distinguishable from turnover because when attrition occurs, the position is not filled with a new employee.*/ Ruth Mayhew; Updated June 30, 2018/*

2.1.1.1 Voluntary Turnover

Voluntary is initiated by employee and when employee choice or intended to leave the organization by him/herself or when an employee leaves the company of his/her own volition, it's called voluntary termination. Employees give a number of reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area or dealing with a personal matter that makes it impossible to work. When an employee voluntarily terminates the employment relationship, he/she generally gives the employer verbal or written notice of intent to resign from her job.

2.1.1.2 Involuntary Turnover

Involuntary turnover of the workforce is when employee has no choice in the termination process. It can result from different situation like; dismissal, retirement, physical/mental disability, moving/relocation ... etc. Even though both voluntary and involuntary concerned with separation of employee, it needs different managerial handling techniques (David, 2008)

Employee termination for poor job performance, absenteeism or violation of workplace policies is called involuntary turnover – also referred to as termination, firing or discharge. It's involuntary because it wasn't the employee's decision to leave the company. Layoffs could also be considered involuntary terminations, though layoff procedures usually are handled differently from termination. Some layoffs have certain federal and state provisions that aren't afforded to employees who are fired because of performance or policy violations.

2.1.1.3. Functional and Dysfunctional:

Dysfunctional turnover is the exit of high performers and employees with hard to replace skills and which erode the company's work force and leads to high turnover cost. Functional turnover is the exits of poor performer's employees whose talents can replace easily

2.1.1.4. Avoidable turnover

Avoidable turnover is causes that the organization may able to influence or handle it. For employees who leave the job because of low job satisfaction, problems of mismanagement, benefit packages ... etc can be retained through improving the stated administration activities.

2.1.1.5. Unavoidable turnover

Unavoidable employee turnover stems from cause over which the organization has little or no control of it. For instance organization may not able to control employee who is going to leave because of health problem or desire to relocate to other geographical areas (David, 2008)

2.1.2. Effects of workforce turnover

Turnover causes lack of motivation and low moral 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 into a 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

optism for change in practice. This study goes to evaluate how cross training have an effect on worker retention (Gawali, 2009).

2.1.4. Cost associated to turnover

Employee turnover cost is usually defined as the cost to hire a replacement employee and train that replacement. Often the training costs are only those to get the new employee productive, but they should include all the costs of getting the new employee to the same level of productivity as the employee who left. These costs include both direct costs like the fee paid to a recruiter to find candidates for you as well as indirect costs like the business you lost because you didn't have the capacity to handle it all while you were short-staffed.

Generally, the higher your turnover rate, the higher both your direct and indirect costs will be. And as the turnover rate increases, the costs will increase faster. Such as hiring Costs, recruiting costs, interview costs, post interview costs, employment costs, training costs, opportunity costs and morale costs/F. JOHN REHJune 23, 2018/

2.2 Empirical Literature

Employee turnover" as a term is widely used in business circles. Although several studies have been conducted on this topic, most of the researchers focus on the causes of employee turnover but little has been done on the examining the sources of employee turnover, effects and advising various strategies which can be used by managers in various organizations to ensure that there is employee continuity in their organizations to enhance organizational competitiveness. This paper examines the sources of employee turnover, effects and forwards some strategies on how to minimize employee turnover in organizations.

Henry Ongori/Department of Management, University of Botswana, Botswana/

As we review this evolving literature we will describe how the research has expanded both horizontally and vertically. More specifically, in looking at the earliest models of turnover, the basic tenet was that job dissatisfaction caused turnover. Over time, researchers looked at more predictors (e.g. organizational commitment, job alternatives). They investigated the causes of these predictors (moving horizontally to the left) and the consequences of turnover (moving horizontally to the right). They also added predictors and criteria (vertical expansion) and looked at different levels (horizontal expansion) such as group or organizational variables (e.g. HR practices, turnover climate). Thus, our chronological review will show the expansion from

immediate causes and consequences to more distal ones and from a focus on individual attitudes and individual turnover to other levels of interest such as group or organizational variables. In short, turnover has emerged as an interesting, complex process with multiple indicators and outcomes.

The chapter provides a review of available literature in the area of employee turnover and retention. The first part of the chapter begins with a review of literature on concepts/theoretical framework, defining turnover and retention. This is followed by the discussion on factors affecting employee turnover and factors affecting employee retention. Thereafter follows a discussion on employee turnover and retention in non-profit organizations. It then goes on to describe the scenario of employee turnover and retention in Indian non-profit organizations. The chapter ends with identification of problem areas and research gaps in the context of employee turnover and retention in non-profit sector.

Some study shows that turnover is likely to be higher in larger, centralized organizations and there is also a higher turnover in urban areas then rural areas and the most common reason for staff turnover are

- Promotion outside the organization
- Lack of career and development opportunities
- Change of career
- Level of pay
- Lack of support from line management

Studying about factors affecting rate of turnover of MPOs (medical promotion officer) TanuirAlam, Shahind (2012) found that most of them are not satisfied with their jobs and so they are not motivated and for this their turnover tendency is high. The MPOs are dissatisfied with their job security, social status, working load, visit to retailers' shop, sales target, no room for family, not getting the retirement benefit and not getting the family insurance support.

A study made by Anthony and Irene shows that 80.8% of the respondents said they were not satisfied with their incentives. They also expressed a generally low agreement with management's assertion that they had shown interest in motivating them. Another study by Asiamah Samuel (2011) shows 70.8% of the respondents said they were not satisfied with their

current motivation packages. Respondents strongly agreed that good manager-employee relationship can cause core employees to be retained. About 81.2% of the respondents were not satisfied with the mode of selection for training and development and has led to feeling of inequity, de-motivation and labor turnover.

When looking at the study made by AsmamawArgeta at MOFED stated that Management of the organization is not committed to provide everything that employee's need for work. The study shows un attractive financial issues, poor management regarding to performance based position, un satisfying terminal and pension benefits and problem of the management in providing clear path for employees to advance their career. Giving all the problems Employees stayed in the organization because they do not have other alternative job and Employees of the organization clearly identified the mismatch between the position the hold and the skill and knowledge they have. Most employees of the organization have no sense of belongingness to the organization so interpersonal relationship in the organization is not attractive. Disciplinary measures of the organization are not properly laid dawn. Management of the organization is not impartial for overall benefits of the organization; Supervisors of employees have not arranged flexible working condition. Higher officials of MoFED do not allowed employees to participate in decision making process. As the Ex-employees gained nothing while they were at MoFED and most ex-employees believe in conducive working environment of the organization. So most ex-employees left the organization because low salary scale and other benefit packages.

2.3 The conceptual frameworks

The chapter provides a review of available literature in the area of employee turnover and retention. The first part of the chapter begins with a review of literature on concepts/theoretical framework, defining turnover and retention. This is followed by the discussion on factors affecting employee turnover and factors affecting employee retention. Thereafter follows a discussion on employee turnover and retention in non-profit organizations. It then goes on to describe the scenario of employee turnover and retention in Indian non-profit organizations. The chapter ends with identification of problem areas and research gaps in the context of employee turnover and retention in non-profit sector.

    2.3.1. Employee Turnover and Retention: Conceptual Framework

    2.3.2. Factors Affecting Employee Turnover

    2.3.3. Factors Affecting Employee Retention

2.3.4. Employee Turnover and Retention in Non-Profit Organizations

2.3.1 Employee Turnover and Retention:

Employee turnover, as defined by Hom and Griffeth (1994), is 'voluntary terminations of members from organizations'. Loquercio*et al*. (2006) observed that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract. According to Singh *et al.* (1994), staff turnover is the rate of change in the working staffs of a concern during a defined period. Ivancevich and Glueck (1989) opine that staff turnover is the net result of the exit of some employees and entrance of others to the organization. Kossen (1991) defined turnover as the amount of movement in and out (of employees) in an organization.

Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi&Hollman, 2000). Staff turnover that can occur in any organization might be either voluntary or involuntary. Voluntary turnover refers to termination initiated by employees while involuntary turnover is the one in which employee has no choice in the termination as it might be due to long term sickness, death, moving overseas, or employer-initiated termination. (Heneman, 1998). Turnover is referred as an individual's estimated probability that they will stay or not stay in an employing organization (Cotton & Tuttle, 1986). A number of terms have been used for employee turnover, such as quits, attrition, exits, mobility, migration or succession (Morrell *et. al,* 2004). Griffeth and Hom (2001) provided a framework of staff turnover as represented in figure3
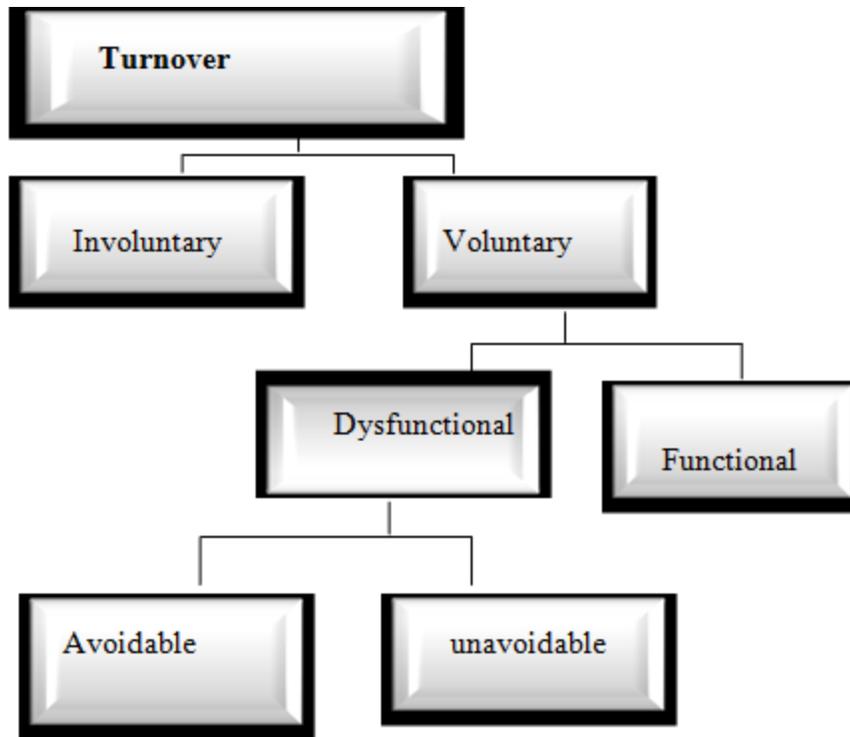
Figure 3: a framework of staff turnover

Adapted from: Griffeth, R. and Hom, P. (2001) *Retaining Valued Employees* Thousand Oaks, CA: Sage.

Though there are many causes for staff turnover in an organization, all of those do not have negative impact on well being of an organization. Organizations should differentiate between voluntary and involuntary turnover and take actions on the one under their control. Voluntary turnovers are those caused by the employee out of his/ her own choice (*e.g.* to take job in other organization for better salary) while involuntary turnovers are because of the decision of management (*e.g.* dismissal for gross misconduct). In general, all resignations not formally initiated by employers are voluntary resignations (Loquercio*et al.*, 2006). Voluntary turnovers are further distinguished into functional and dysfunctional turnovers. Functional turnovers are the resignation of substandard performers and dysfunctional turnovers refer to the exit of effective performers. Dysfunctional turnover is of greatest concern to the management due to its negative impact on the organization's general performance. Dysfunctional turnover could be further classified into avoidable turnover (caused by lower compensation, poor working condition, etc.) and unavoidable turnovers (like family moves, serious illness, death, etc.) over which the organization has little or no influence (Taylor, 1998).

A low level of employee turnover is acceptable in any occupation, in that it offsets potential stagnancy, eliminates low performers, and encourages innovation with the entry of new blood.

However, high levels of employee turnover lead to low performance and ineffectiveness in organizations, and result in a huge number of costs and negative outcomes (Ingersoll & Smith, 2003). Several researchers have found that high turnover rates might have negative effects on the profitability of organizations (Aksu, 2004; Hinkin& Tracey, 2000 among others). Johnson (1981) viewed turnover as a serious problem having a strong bearing on the quality of products and services and incurring considerable replacement and recruitment costs. Curtis and Wright (2001) opined that high turnover can damage quality and customer service which provide the basis for competitive advantage, thereby inhibiting business growth. Also, it has been observed that people who leave are those who are most talented as they are the ones likely to get an opportunity elsewhere (Hinkin& Tracey, 2000). Turnover often ends up in valuable talent moving to competing entities (Stovel&Bontis, 2002). Therefore, it is only desirable that management should accord special attention to prevent turnover and puts in place a sound strategy for improving staff retention. For most part, voluntary turnover is treated as a managerial problem that requires attention, thus its theory has the premise that people leave if they are unhappy with their jobs and job alternatives are available (Hom&Kinicki, 2001). Therefore, most studies have focused on voluntary rather than involuntary turnover (Wright, 1993). In this study too, only *voluntary form of turnover* has been considered and discussed. Griffith *et al*. (2000) conducted a review research on employee turnover and described the most-cited variables that affect turnover. The model developed by them incorporates the factors that explain the turnover process. It includes variables related to both job content and external environment factors that explain turnover. It is generally believed that the process of employees' turnover is the reversed transformation process of employees' retention psychology and behaviors. The model is depicted in graph 4

Figure 4: Griffith *et al.*'s Turnover Model
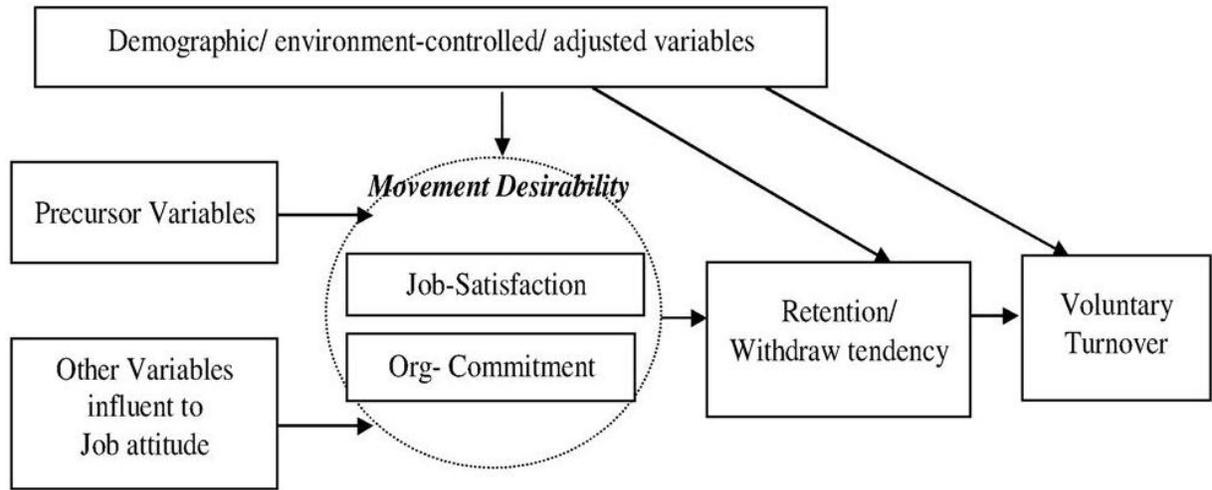
Source: Griffeth, R. W., Hom, P. W. &Gaertner, S. (2000). A meta-analysis of antecedents and correlates of employee turnover: Update, moderator test, and research implications for the next millennium. *Journal of Management*, 26, 463-488. Employee retention is recognized as an important subject of inquiry by researchers. The Harvard Business Essentials (2002) defined retention as the converse of turnover being voluntary and involuntary. Retention activities may be defined as a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others (Bogdanowicz& Bailey, 2002). It is a voluntary move by an organization to create an environment which engages employees for a long term (Chaminade, 2007).

Literature has overwhelmingly proved the importance of retaining valuable workforce or functional workforce for the survival of an organization (Bogdanowicz& Bailey, 2002). Mak and Sockel (2001) noted that retaining a healthy team of committed and productive employees is necessary to maintain corporate strategic advantage. Hence, organizations must design appropriate strategies to retain their quality employees. Empirical studies (e.g. Harris, 2000; Kinnear & Sutherland, 2000; Maertz&Griffeth, 2004; Meudell& Rodham, 1998) have explained that factors such as competitive salary, friendly working environment, healthy interpersonal

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relationships and job security were frequently cited by employees as key motivational variables that influenced their retention in the organizations.

Two factor theory propounded by Herzberg *et al.* (1959) is an important theory that explains what satisfies or dissatisfies employees and hence, serves as an important framework for employee retention. Herzberg *et al.* (1959) proposed a two-factor theory or the motivator-hygiene theory. According to this theory, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. The opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction", as shown in the tabular graph 5

Figure 5: Herzberg's Satisfaction- Dissatisfaction Continuum

MOTIVATORS	
Satisfaction	No Satisfaction

HYGIENE FACTORS	
No Dissatisfaction	Dissatisfaction
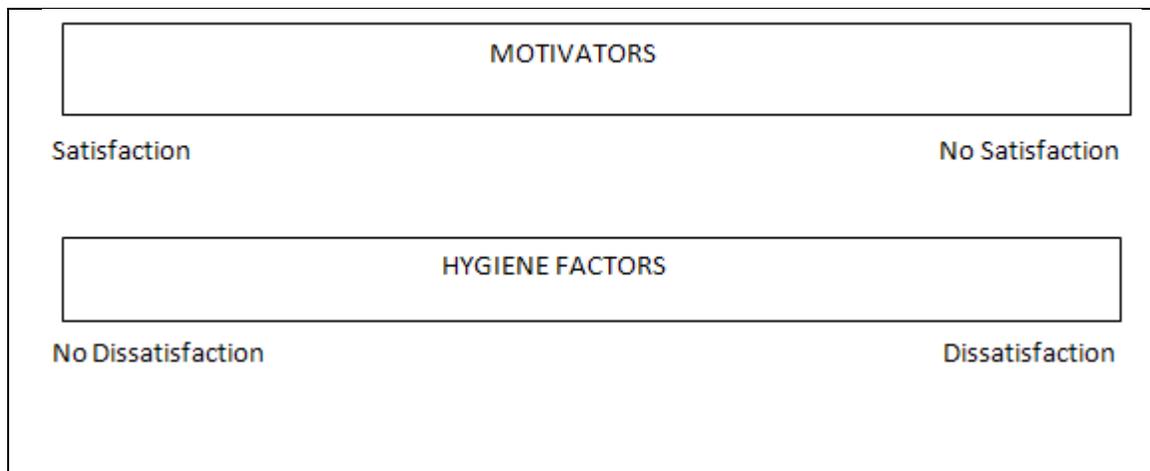
Source: Herzberg, F; Mausner, B &Snyderman, B.B. (1959). *The Motivation to Work* , New York; John Wiley & Sons, Inc.Herzberg*et al.* (1959) classified these job factors into two categories:

A) Hygiene Factors

Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent or if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called dissatisfies or maintenance factors as they are required to avoid dissatisfaction. These

factors describe the job environment scenario. The hygiene factors symbolize the physiological needs which the individuals want and expect to be fulfilled.

Pay or salary is the first and foremost hygiene factor. Pay structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain. The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc. The employees should be offered health care plans (medic aim), benefits for the family members, employee help programmers, etc. The physical working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained. The employees' status within the organization should be familiar and retained. The relationship of the employee with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present. The organization must provide job security to the employees.

B) Motivator Factors

According to Herzberg *et al. (1959),* the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolize the psychological needs that are perceived as an additional benefit. Motivational factors include recognition, *i.e.,* the employees should be praised and recognized for their accomplishments by the managers. Also, the employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job. There must be growth and advancement opportunities in an organization to motivate the employees to perform well. The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated. Understanding the different dimensions of a job that may increase satisfaction or, at least, reduce dissatisfaction would be the very first step towards designing a strategy for retention of quality staff (Raju, 2004). Ewen*et al*. (1966) used Hertzberg's theory for testing job satisfaction. Maidani (1991) used the two factor theory for comparing the job satisfaction amongst employees of public and private sectors. In another study, Herzberg's theory

was used for studying business student satisfaction (Oscar *et al*., 2005). Maddox (1981) used Herzberg's theory to study consumer satisfaction In the context of employee turnover and retention, the framework of **Job Context** and **Job Content** has been used by researchers for studying the reasons why an employee leaves the organization he/she is working for. (Randall *et al*., 1983) **Job-Content** factors are those factors for which the individual is responsible. In other words, those factors that are internally controlled such as achievement, responsibility and the quality of work itself, are termed job-content factors. **Job-Context** factors are those factors, which are externally controlled – that is the organization is responsible for controlling those factors. Such factors include job security, salary, benefits, promotions etc. This framework has been used by many researchers in studies conducted earlier, such as for studying the quality of work life of Canadian nurses (Baba and Jamal, 1991) as well as for studying the job satisfaction amongst engineer's andassemblers (Armstrong, 1971). Interactive effect of job content and context on the reactions of layoff survivors has been explored by Brockner*et al*. (1993).

2.3.2. Factors Affecting Employee Turnover

There are two major reasons why turnover is a central issue in the field of HRM across the globe. First, turnover is related to low organizational knowledge, low employee morale, low customer satisfaction, high selection costs, and high training costs (Staw, 1980; Talent Keepers, 2004). Research has also shown that high employee turnover is related to lower organization performance (Glebbeek&Bax, 2004; Huselid, 1995; Phillips, 1996). Second, the decision to turnover is often the final outcome of an individual's experiences in an organization (Hom&Griffeth, 1995).

Accordingly, many studies have used turnover as a criterion to evaluate the effectiveness of various organizational processes, such as selection (Barrick& Zimmerman, 2005; Meglino*et al.*, 2000), training (Glance *et al.*, 1993) and coaching/ mentoring (Lankau&Scandura, 2002; Luthans& Peterson, 2003; Payne & Huffman, 2005). Thus, understanding the factors that influence turnover gives organizations the opportunity to reduce selection and training costs, increase employee morale and customer satisfaction, and enhance organizational productivity. The study of turnover has a rich theoretical history in which multiple models have been advanced to understand this complex decision (Hom&Griffeth, 1995). Most of these models are based on the premise that if an individual is unhappy with a job and finds another job, s/he is

likely to leave the current job(Lee, *et al.*, 2004). Thus, the focus of most turnover models is on job attitudes (job satisfaction or job commitment) as the primary drivers of turnover (*e.g.* March & Simon, 1958).

Second reason is that human resources are the backbone of an organization (Gerhart&Milkovich 1990, Pfeffer 1998). Moreover, the continuing prosperity of a firm is likely to be enhanced by employees who hold attitudes, value and expectations that are closely aligned with the corporate vision (Borman&Motwidlo, 1993; Cable & Parsons, 2001; Feldman, 2003; Spector, 1997). It implies that hiring capable people is an attractive point of departure in the process, but building and sustaining a committed workforce is more likely to be facilitated by the employment of sophisticated HRM infrastructure (Schuler & Jackson 1987, Beechler*et al.*, 1993).

Arguably, HRM policies and practices can be strategically designed and installed to promote desirable employee outcomes, which include the enhancement of the in-role and extra-role behaviors of employees. Yet, despite such costly investments, corporations are continually searching for techniques to improve and cement the linkage between employees and their organizations. With proper implementation, these techniques often facilitate a more committed workforce. Since turnover warrants heavy replacements and training expenses, organizations are now recognizing employee retention as an important issue that merits strategic attention (Glen, 2006).

Several studies based on western research (*e.g.* Boxall*et al.,* 2003; Iverson &Buttigieg, 1999; Malhotra*et al.,* 2007; Meyer & Allen, 1991; Meyer & Smith, 2000; Mowday*et al.,* 1982; Mueller & Price, 1990), have shown that work-related factors are major determinants of job satisfaction, organizational commitment and turnover intentions among employees. Griffeth*et al.* (2000) have concluded from their studies that when high performers receive inadequate remuneration/rewards, they look out for alternative employment. Mobley *et al. (*1979) noted that age tenure, overall satisfaction, job content, intentions to remain on the job and commitment were all negatively related to turnover. It is quite evident from the review of past researches that intention to stay/quit, job satisfaction and organizational commitment were among the most consistent, close and commonly researched determinants of employee turnover (Amah. O.E., 2009; Mosadeghrad*et al*, 2008; Ramachandran*et al*., 2011 among others). Job satisfaction has been acknowledged as the most common antecedent of employee turnover (e.g. Griffith *et al.* 2000; Lum*et al.,* 1998; Murray & Smith, 1988). Job satisfaction is defined as how people feel

about their jobs and different aspects of their jobs (Spector, 1997). Price and Mueller (1986) analyzed the determinants of turnover and identified job satisfaction as the most important factor. Meta-analytic research by Hom and Griffeth (1995) showed that job satisfaction is a significant predictor of turnover, with overall job satisfaction explaining more variance than the sub-dimensions of job satisfaction itself like satisfaction with the work itself, satisfaction with coworkers and, satisfaction with the supervision etc. considered individually. Later, Griffith *et al.* (2000) reaffirmed that the turnover process is indeed caused by job dissatisfaction. Job satisfaction and attrition are strongly linked (Billingsley & Cross, 1992; Gersten*et al*., 2001; Whitaker, 2000). An employee who is satisfied with his job would perform his duties well and be committed to his job, as well as the organization (Awang& Ahmad, 2010). On the other hand, researchers like Ahuja*et al.* (2001) have opined that if employee does not feel satisfied with the job, he will blame the organization and thus possess a lower commitment to the job and is therefore, likely to leave sooner or later. This view finds ample support in the literature. Several recent researchers (e.g. Falkenburg&Scyns, 2007; Summer &Niederman 2004; Rajendran&Chandramohan, 2010) have upheld the traditional hypotheses that job satisfaction has a significant negative impact on employee turnover. .Job satisfaction plays an important role in determining turnover of employees (Mudor&Tooksoon, 2011). High job satisfaction leads to low turnover. In general, dissatisfied workers are more likely to quit than those who are satisfied. Delfgaauw (2007) suggested that self-reported level of job satisfaction is a good predictor for job mobility and employee attrition. Thus, frequent satisfaction surveys act as smoke detectors and help in uncovering potential turnover intentions

Apart from job satisfaction, organizational commitment too has been frequently related to turnover (Bluedorn, 1982; Mobley 1977; Price, 1977). Griffith *et al.* (2000) identified lack of commitment as an important precursor to employee quit process. Previous research supports the idea that attitudes related to organizational commitment are strongly associated with turnover (Dunham *et al*., 1994; Newton, *et al*., 2004; Somers, 1995). Organizational commitment is found to be strongly negatively related to both turnover intention as well as actual turnover (Addae*etal.,* 2006; Addae&Parboteeah, 2006; Goldman *et al.*, 2008; Wright & Bonnet, 1997; Zhao *et al.,* 2007). Lacity (2008) and Tang *et al.* (2004) concluded that organization commitment is one of the significant factors that impact turnover intention.

Griffeth*et al.* (2000) who identified job satisfaction as a possible antecedent of turnover noted that organizational commitment was a better predictor of turnover than even job satisfaction. Elangovan (2001) too supports this view. He opined that commitment had a very strong negative effect on turnover. Committed employees have been found to be less likely to leave an organization than those who are uncommitted (Angle & Perry, 1981). Samad (2006) also found organizational commitment to be negatively correlated with turnover intentions. Other important causes of turnover include limited career and financial advancement, organizational climate, and work–family conflict (O'Leary &Deegan, 2005; Stalcup& Pearson, 2001). Aggarwal and Bhargava (2009) have investigated how aspects of compensation strategies are related to various key organizational variables such as psychological contract, affective organizational commitment, and turnover intention. Many of the respondents of the study conducted by O'Leary and Deegan (2005) reported that they left the industry because of the incompatibility of work and family life and that the incompatibility hampered their advancement in the industry. Stalcup and Pearson (2001) reported that long working hours and regular relocation are additional reasons for hotel management turnover, but participants in their study emphasized that the primary concern regarding work time was not having to spend too much time on work, but not having enough time to spend with family. Other variables that cause employee turnover include heavy workloads and work stress (Ramrup&Pacis, 2008) . Many other factors such as insufficient pay, fringe benefits, job dissatisfaction, poor quality of supervision, availability of better opportunities and possibility of a better offer, personal adjustment to work situation (grievances), sexual harassment, inadequate orientation, lack of training, dead end (no chance for promotion), job insecurity, relocation from area, health problems and home responsibility were also identified by researchers as primary causes of turnover. Employee perceptions regarding the family supportiveness of their organization also become reasons to leave the organization (Allen, 2001; Anderson *et al.,* 2002; Thompson *et al.,* 1999). Glance *et al.* (1997) studied the relationship between turnover and productivity and reported that lower turnover rate is definitely correlated with productivity. Altarawmneh and Al-Kilani (2010) examined the impact of human resource management practices on employees' turnover intentions. The employees have tendency to change their job when they have poor supervision (Keashly&Jagatic, 2000), do not receive adequate or relevant training (Poulston, 2008) and most important of all, low wage (Martins, 2003). Abdul Rahman*et al.* (2008) reported that availability of alternative job opportunities had significant positive impact on turnover intentions. A study of turnover by

Boxall*et al.* (2003) in New Zealand confirmed the view that motivation for job change is multidimensional and that no single factor can explain it. Boxall*et al.* (2003) found that work-related accident or illness, unhappiness with co-workers, commuting to work, difficult relationship with the supervisor, unrealistic expectations from job, excessive work demands, lack of promotion elsewhere, non-redressed of grievances, work methods, lack of job security, inadequate pay, change of career, work-life demands, lack of training opportunities, non-recognition of employee merit and more interesting work elsewhere may lead to turnover intention resulting into actual turnover. Khatri*et al.* (2001) in a study on employee turnover used three groups of factors influencing employee turnover, *viz.*, demographic, uncontrollable and controllable factors. Demographic factors include age, gender, education, tenure, income level, managerial and non-managerial positions. Uncontrollable factors are the perceived alternative employment opportunity and job-hopping. Controllable factors include pay, nature of work, supervision, organizational commitment, distributive justice and procedural justice.

In order to explain the reasons behind voluntary resignation, Arthur (2001) gives a list that includes:

- ➢ Incompatibility with corporate values
- ➢ Feelings of not being appreciated or valued
- ➢ Not feeling part of the company
- ➢ Not knowing how one is doing for lack of feedback
- ➢ Inadequate supervision
- ➢ Lack of opportunity for growth
- ➢ Lack of training
- ➢ Unequal salaries and benefits
- ➢ Lack of flexible work schedules
- ➢ Unsatisfactory relationships at work
- ➢ Too much work and not enough staff
- ➢ Inadequate or substandard equipment, tools, or facilities

Researchers have opined that there are compelling reasons why a certain level of staff turnover should be encouraged. When turnover is too low, fresh blood and new ideas are lacking and an organization can quickly find itself turning into an ageing machine, unable to cope with change. Some staff turnover has benefits, and can help increase productivity by ensuring better matches between jobs and workers, as well as offering more flexibility to promote and develop valued

staff (Loquercio*et al.*, 2006). It can also allow an organization to adapt to market changes without going through costly layoffs. Certain organizations accept a relatively moderate level of staff turnover because it keeps the organization dynamic (EPN, 2003).

2.4 Factors affecting Employee Retention

Unnecessary employee turnover costs an organization needless expense (Buck & Watson, 2002). Replacements and training expenses have a direct impact on organizational costs, productivity and performance, and as such, an increasing number of organizations are now recognizing employee retention as a key strategic issue (Glen, 2006). The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery (Samuel &Chipunza, 2009).

Retention activities may be defined as a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others (Bogdanowicz& Bailey, 2002). Given the development of new managerial approaches to retention, labor market dynamism, and evolution in research methodology and technology, it is not surprising that turnover continues to be a vibrant field of research despite more than 1500 academic studies addressing the topic. From a managerial perspective, the attraction and retention of high-quality employees is more important today than ever before. A number of trends (*e.g.,* globalization, increase in knowledge work, accelerating rate of technological advancement) make it vital that firms acquire and retain human capital. While there are important differences across countries, analysis of the costs of turnover as well as labor shortages in critical industries across the globe have emphasized the importance of retaining key employees for organizational success (Hinkin& Tracey, 2000).

Hinkin& Tracey (2000) noted that even for jobs that do not require high level of skills, a retention strategy can positively affect the engagement, turnover and ultimately financial performance, especially, for positions that involve interaction with customers. When a significant share of employees only stays for a limited time with a company, that is a pointer towards underlying problems that need to be explored and addressed by determining the most adequate measures. In response, managers have implemented HR policies and practices to actively reduce avoidable and undesirable turnover (Fulmer *et al.*, 2003; Hom*et al.*, 2008; Kacmar*et al.*, 2006; Michaels *et al.*, 2001). While strategic human resource researchers are still investigating the

causal mechanisms between HR practices and organizational performance (Collins & Clark, 2003; Hatch & Dyer, 2004), most include voluntary turnover as a critical component of the equation (Shaw *et al*., 2005; Ulrich & Smallwood, 2005). To put it differently, the topic of voluntary turnover is a vital bridge between macro strategies and micro behavior in organizations. It is one variable that conceptually connects the experiences of individuals in organizations to critical measures of success for those organizations. Extant literature has so far overwhelmingly proved the importance of valuable workforce or functional workforce for the survival of an organization, (Bogdanowicz& Bailey, 2002). Mercer Human Resource Consulting (2004) advised that turnover costs ranging anywhere from 50 to 150 percent of annual salary, compounded by the skills shortage and the ageing workforce. It has been seen that turnover is accompanied by heavy replacement and training expenses and therefore, organizations need to take a serious relook at the turnover rates and put a replacement strategy in place (Glen, 2006). Mak and Sockel (2001) noted that retaining a healthy team of committed and productive employees is necessary to maintain corporate strategic advantage. Hence, organizations must design appropriate strategies to retain their quality employees. These strategies may range from lucrative compensation packages to involving employees in every sphere of the functioning of the organization (Mak&Sockel, 2001).

Empirical studies (Kinnear & Sutherland, 2001; Maertz&Griffeth, 2004; Meudell& Rodham, 1998;) have revealed that factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were reported by employees as key motivational variables that influenced their retention in the organizations.

Mercer Human Resource Consulting (2004) advised 5 key factors influencing employee commitment and motivation with % age of employees voting for each of the factors as follows:

- ➢ Being treated with respect - 85%
- ➢ Work-life balance - 79%
- ➢ Providing good service to others - 74%
- ➢ Quality of work colleagues - 74%
- ➢ Type of work - 73%

It is important to recognize the commitment of individuals to an organization, as well as the organization's need to create an environment in which one would be willing to stay (Harris, 2000). It is often believed that an organization is only as good as its people (Templer&Cawsey,

1999). Organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport *et al.,* 2003).

Therefore, worldwide, retention of skilled employees has been of serious concern for organizations in the face of ever increasing high rate of employee turnover (Samuel &Chipunza, 2009). Globally, managers admit that one of the most difficult aspects of their jobs is the retention of key employees in their organizations (Litheko, 2008). Retention is a critical element of an organization's approach to talent management (Lockwood, 2006). Empirical studies such as Stovel and Bontis (2002) have shown that employees, on an average switch employers every six years. Replacing existing employees is detrimental to organizations and may have adverse effects on service delivery. It is therefore imperative for management to reduce, to the minimum, the frequency at which employees, particularly those that are crucial to its operations quit (Samuel &Chipunza, 2009).

Branch (1998) contends that the objective of retention policies should be to identify and retain committed employees for as long as is profitable both to the organization and the employee. It can be further categorized as functional or dysfunctional. When non-performers leave and performers stay, it is identified as functional, and can in fact assist organizations to increase optimal performance. On the contrary, when non-performers stay and performers leave, retention is highly dysfunctional, and damages organizational innovation and performance (Abbasi&Hollman, 2000). Samuel and Chipunza (2009) noted that the main purpose of retention is to prevent the loss of competent employees from leaving the organization as this could have adverse effect on productivity and profitability. Similarly, Guarino*et al.* (2006) maintained that studies focusing on retention might identify factors that relate to teacher attrition. Similarly, Bogdanowicz and Bailey (2002) noted that organizations try to provide their workforce benefits and a holistic motive to stick to the current organization and making the decision to leave the organization difficult and pointless. Certo and Fox (2002) found that "reasons for leaving and reasons for staying often acted as inverse variables (for example, a teacher may leave because of poor administration or stay because of quality administration)" . Extant literature reveals that there is a multiplicity of suggested methods for retaining talent, approaching retention on many different levels, and in many different ways; as Ettore (1997), notes that 'at its most effective, corporate retention is a sophisticated juggling act'. Provided this, it can be assumed that

employee retention and employee turnover are two faces of the same coin. Both the concepts are inseparable and each from the point of view of research is impractical to study in isolation or independently. Hom and Griffeth (1995), as cited by Taylor (1998), in their comprehensive review of US research into the management of turnover, describe nine areas for employers to consider. The first six are described as 'robust' methods of controlling turnover and include realistic job previews, job enrichment, workspace characteristics, induction practices & leader-member exchange. According to Taylor (1998), there is strong research evidence that final three *viz.* employee selection practices, reward practices and demographic diversity are promising methods for staff retention. Staffs turnover can be reduced by giving the true picture of the job to candidates. (Decenzo& Robbins, 1999).

Researches indicated that large open-plan offices with few dividing walls or partitions tend to reduce employees significance and autonomy, overcrowding and darkness make matters worse. Therefore, as far as possible, employers should consider making workspace attractive to employees (Taylor, 1998).

Proper orientation is one of the mechanisms that reduces turnover especially the one that occurs in the first months of employment. The induction packages include proper orientation about terms of employment, security issues, health and safety regulations, wage and benefits, organizational rules and policies, employee development opportunities, sufficient information about the organization and the industry, job performance issues including job description, standards, appraisals, and role within the department (Marchington, & Wilkerson, 2000). However, Breuer (2000) reminded that there is no one size fits all strategy and every retention programme has to be tailor made to suit a particular company. One of the companies cited as an example by the author in the study had made senior executives accountable for retention of those employees who directly reported to them. At the same time, new managers had been given better orientation and training, not only as a way to retain them but also use their improved people management skills as a retainer for those they manage. Aryee*et al.* (1998) found a significant positive correlation between satisfaction with work flexibility and organizational commitment and thereby good rate of retention. Mano-Negrin and Kirschenbaum (2000) indicated that turnover is affected by organizational size. They suggest that organizational size impacts turnover primarily through wage rates but also through career progression paths.

Developed internal organizational labor markets produce lower departure rates since promotion opportunities have a strong negative influence on departures for career-related reasons. Martin (2003) looked at the effect of unions on labor turnover and found clear evidence that unionism is associated with lower turnover. He suggested that lower turnover is a result of the ability of unions to secure better working conditions; thus increasing the attractiveness for workers of staying in their current job. New professionals' intentions to change jobs have been attributed to their level of job satisfaction (Bender, 1980; Klenke-Hamel & Mathieu, 1990; Lorden, 1998). According to Martin (2003), the relationship between lower turnover and unionization has been well established by researchers using both industry-level and individual data. A study by Kirschenbaum and Weisberg (2002) of 477 employees in 15 firms examined employees' job destination choices as part of the turnover process. One of their main findings was that co-workers' intentions have a major significant impact on all destination options - the more positive the perception of their coworkers desire to leave, the more employees themselves wanted to leave. The researchers suggest that a feeling about co-workers' intentions to change jobs or workplace acts as a form of social pressure or justification on the employee to make a move.

Mosadeghrad*et al.* (2008) and Mobley *et al.* (1979) concluded that a number of studies offered support for a negative relationship between satisfaction with supervision and turnover. Griffeth*et al.* (2000) propounded that lack of punctuality and frequent absence can be predictors of turnover because they represent symptoms of withdrawal from the organization. Turnover may also be influenced by certain other factors, such as attitudinal, behavioral and organizational factors. A number of researchers have also identified work related factors, personal characteristics and external factors as determinants of employee turnover tendency (Wotruba&Tyagi, 1991).

In today's competitive world, high-performing employees are looking for more than compensation packages and benefits. More specifically, what the employees nowadays are looking for is interesting work, employer flexibility, feeling valued and having training and advancement opportunities which finally, become the major factors influencing their decision to change jobs (Cunningham, 2002). Nagaraj (1999) noted that organizations are trying many innovative ways to attract employees to workplace, be it multi-cuisine spread provided at the office, or a multi-gym right at the office premises, or a small crèche where female employees could safely leave their young ones while they work. The key to preventing employee turnover is to have a positive work environment where employees are recognized and rewarded for good

performance, where there is good communication, and where everyone shares in the excitement of being part of a successful organization (Cunningham, 2002). Hausknecht (2008) listed 12 major retention factors that have been published in the literature over the last 60 years which helped in explaining employee retention.

The study revealed that job satisfaction, extrinsic rewards, constituent attachments, organizational commitment, and organizational prestige were the most frequently mentioned reasons for staying. Advancement opportunities and organizational prestige were more common reasons for staying among high performers, and extrinsic rewards was more common among low performers. The use of financial inducements has been recognized as extremely important in retaining employees and it has been considered an important reward to motivate the behavior of employees (Brewer, 1996; Koh& Neo, 2000; Taylor & Vest, 1992). A number of studies suggest that higher wages reduce quit propensity positively and are related to decisions to continue (Gritz& Theobald, 1996; Theobald, 1990). Paré and Tremblay (2000) opine that employees will willingly remain in organizations where work is stimulating and challenging, chances for advancement are high and if they feel reasonably well paid. Further, Taylor (1997) pointed out that in order to retain employees, organizations must offer career advancement opportunities, failing which they may find it difficult to retain qualified employees. Saporta and Fajourn (2003) too support this view. Casper and Buffardi (2004) stated that the availability of organizational work–life benefits, supportive supervisor and a favorable organizational climate play a pivotal role in attracting and retaining human resources. The role of an effective supervisor in arresting attrition rates has been highlighted by others too (e.g. Amey, 2002; Creamer & Winston, 2002; Schneider, 2002). Good quality supervision contributes to employee satisfaction (Keashly&Jagatic, 2000) and helps in enhancing an employees' well-being at work (Peterson *et al.*, 2003), thereby resulting in retention (Bauer *et al*, 2006). Researchers have identified other important reasons of retention too. Work-life balance and reduced work-family conflict increase one's chances of retention (Anderson *et al.,* 2002; Shaffer *et al.,* 2001). Research has suggested that organizational work-life benefits and a supportive work climate are linked positively to employee well-being and retention (Allen, 2001; Behson, 2005; Casper &Buffardi, 2004). Work-life quality was found to be a significant predictor of job satisfaction, commitment and longer stays (Rhoades &Eisenberger, 2002; Dixon & Sagas, 2007). Aryee*et al.* (1998) found a positive correlation between satisfaction with work flexibility and intentions to stay.

In a survey carried out on recruitment, retention and turnover in organizations in UK (CIPD, 2005), top three reasons behind departure with % age of employees voting for each of the reasons were found out as :

➢ Promotion outside of the organization (53%)

➢ Lack of development or career opportunities (42%)

➢ Change of career (41%)

The same study found that the top 8 initiatives taken to improve retention in organizations in UK with % age of employees voting for each of the initiatives were:

➢ Improved employee communication/involvement (57%)

➢ Increased learning and development opportunities (49%)

➢ Improved induction process (45%)

➢ Increased pay (40%)

➢ Improved selection techniques (38%)

➢ Improved benefits (34%)

➢ Made changes to improve work-life balance (34%)

➢ Improved line management HR skills (32%)

In a report by Deloitte (2004), it was noted that demographic changes show that the number of skilled 15-29 years old entering the job market is steadily contracting, while the population in both developed and developing countries is ageing. This, coupled with rising globalization is increasing the strain on human resources. The results of the survey showed that attracting and retaining talents are considered as the most critical people issues faced by surveyed organizations. Deloitte Report suggests a 'develop, deploy and connect' approach for retaining the employees. This means developing the skills, not just through formal training but by learning how to learn, where to find the information or action learning supported by coaching and mentoring. Deploying means working with key individuals to (a) identify their deep-rooted skills, interests, and knowledge, (b) find their best fit in the organization, and (c) craft the job design and conditions that help them to perform, meaning, finding a fit between the skills and the job.

Connecting means providing critical employees with the tools and guidance they need to (a) build networks that enhance individual and organizational performance, and (b) improve the

quality of their interactions with others, thereby helping to develop rich networks, both internal and external.

2.5 Employee Turnover and Retention in Non-Profit Organizations

Non Government Organizations (NGOs) or Non-Profit Organizations (NPOs) also provide employment opportunities in addition to the private sectors and government institutions. The non-profits play an increasingly important role in providing services, for which the public and the private sector lack time, information, resources and inclination. They advocate for a variety of social, political, environmental, ethnic and community interests and concerns, contribute to the social and cultural life of the society, and actively participate in community building (Salamon&Sokolowski, 2004). They combine economic and market forces with social goals and their employees are expected to fulfill business requirements as well as strictly adhere to ethics, accountability, and equity in services (Vigoda& Cohen, 2003).

All non-profit organizations - irrespective of their size, type, sector or profit orientation - experience human resource management issues of one type or the other. As talent is rare, valuable, difficult and hard to substitute, organizations that attract, select and retain better talent outperform those that do not (Barney & Wright, 1998). The high turnover of qualified employees in non-profit organizations has increasingly negative impact on recruitment, training, and service effectiveness. Filling a position in a non-profit has reduced chances of obtaining qualified candidates, additional costs for employee training and development, and higher chances of service disruption. Humanitarian NGOs are nonprofit organizations that have the primary aim to save lives and reduce human suffering (Barnett & Weiss, 2008).

The rationale of these organizations is normative instead of profit oriented, as reflected by their often precarious financial situation (Smillie&Minear, 2003) and the altruistic attitudes and identity of their employees (Hilhorst&Schmiemann, 2002). Moon (2004) noted that a diversity of employee retention methods have been employed in both the public and private sectors. However, non-profit sector leaders must realize that some of the strategies used by the private sector are ineffective for non-profit employees. Research shows that employees are drawn to the non-profit sector by very different motivators than are employees in the private sector. The environment and culture of many non-profit organizations is such that traditional employee retention strategies are counterproductive or minimally successful at best. The key is to explore

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innovative alternatives. Some of the strategies to attract and retain talents in non-profit sector are involvement, appreciation, celebrate, train &grow, enthusiasm & diversity (Moon, 2004). The nature of social enterprises and their socially desirable goals create an expectation that the employees work for the cause rather than for the paycheck (Bhati&Manimala, 2011). Furthermore, social enterprises especially the nonprofits are unable to compete with for-profit organizations in providing good pay and incentives to employees. The success of NPOs is determined by the availability and commitment of efficient and effective human resources (Brandel, 2001). Most of the NGOs are highly affected by staff turnover and therefore the quality of the service they provide to the beneficiaries is affected and the financial and nonfinancial cost of replacing vacant posts is significantly increased. Turnover and retention are also major issues for non-profit organizations (Emmens& Parry, 2006). In a study of staff turnover conducted on an American NGO, International Relief Committee, the findings revealed that the causes of staff turnover are a combination of factors. Family problems, poor leadership, dissatisfaction with the job, better opportunity in other organizations, dissatisfaction with the area, and educational opportunity are some of the causes (Debebe,2007). When humanitarian organizations like the IRC face high staff turnover they will be behind the schedule in utilizing budget and unable to implement quality programs for their beneficiaries. As a consequence their relationship with donors, regulatory bodies and beneficiaries becomes questionable and existing staff will be stressed due to the additional responsibilities to cover the vacant posts. Park and Word (2012) suggest that individuals who work in the nonprofit sector are intrinsically motivated in terms of job choice. Furthermore, personalcharacteristics such as gender, age, ethnicity, type of job, and level of education impact both job choice motivation and the level of intrinsic motivation. It could be argued that employees of non-profits are more likely to experience job dissatisfaction if: (a) they perceive that their organization is not achieving the public good that attracted them; (b) the mission is de-emphasized or derailed by other considerations and (c) the espoused values are inconsistent with those practical in the organization.

In the study of welfare organizations, it has been observed in a study by Howe and McDonald (2001) that increased accountability requirement becomes a source of stress and job dissatisfaction among employees, thereby resulting in possible employee turnover. Similarly, Peters and Masaoka (2000) found that disgruntlement among employees, particularly relating to lack of participation in the decision-making process contributed to increased unionization in non-profit organizations. Compensation is arguably an important factor that influences employee

turnover in non-profit organizations. Even though employees are attracted by the mission of the social enterprises and are satisfied with their work, they do not find the compensation attractive enough for them to remain in the organization for long (Brown *et al.*, 2004).

In a study of staff turnover in relief aid agencies, James (2004) outlined the following reasons behind turnover:

- ➢ planning weaknesses
- ➢ poor information systems
- ➢ lack of management support at field level
- ➢ conflicting atmosphere
- ➢ Poor involvement of staff in decision making
- ➢ Lack of transparency in management
- ➢ Stress and burnout
- ➢ Poor management presented as the crucial factor in deciding people to stay

The most stressful events in humanitarian work have to do with the organizational culture, management style or operational objectives of an NGO or agency, rather than external security risks or poor environmental factors (Fawcett, 2003). According to a research study by CIPD (2006) in UK, in the context of understanding employee turnover, there are certain 'push' factors, which cause individuals to look for another job (for example, dissatisfaction with working conditions) and 'pull' factors, which draw employees towards another organization (for example, higher salary or better benefits). Loquercio*et al.*(2006) in order to describe the factors governing employee turnover, based on such push and pull factors, developed a framework of environmental factors, programmed factors, organizational factors and personal factors.

Source: Loquercio*et al.* (2006). Understanding and Addressing Staff Turnover in Humanitarian Agencies, Humanitarian Practice Network (HPN), Number 55, June.

Turnover rates in non-profit sector have been reported to be very high, the figure for Oxfam Great Britain being 60% (Emergency Publication Network (EPN), 2005). In the seventh seminar of EPN (2005) it was acknowledged by the opening speaker that the Office Coordination of Humanitarian Assistance (OCHA) had faced the highest staff turnover in relation to the other United Nations (UN) bodies due to poor job security and heavy job demand on its staff. The international and the national non-government organizations (NGOs) working in the developing

countries admitted turnover was a problem at various rates ranging from 0% to 39 % in a case study conducted by People in Aid (2007) covering Kenya, Honduras, India and Pakistan. Some of the reasons for high turnover reported were increased labor market opportunity following natural disaster in case of Pakistan and poor leadership.

According to CIPD (2006) report, turnover rate for 2005 and 2006 for volunteers and staff of a non-profit organization in UK were higher at 15.9% and 18.9 % than public sector figure of 11.5 % and 13.3% respectively. Similarly, Loquerico*et al.*(2006) based on their qualitative studies with 15 NGOs found the employee turnover to be higher in humanitarian sector than other sectors. The shortage of skilled and experienced personnel was reported as a reason that makes recruitment difficult (Taylor, 1997; People in Aid, 1994). A study carried out on the employees of Interagency Working Group (IWG) found that the median retention rate (time spent by an employee in current position) was one year (Emmens& Parry, 2006). Loquercio*et al.* (2006) found that the average duration of a mission for expatriate ranges from 5.2 months (Medicine San Frontier (MSF)-France) to 10.1 months (ICRC). In terms of first mission, 33 % of staff leaving for a mission were first timers in MSF-France (EPN, 2003) while 23% of the study population in the study of Macnair (1995) had returned from their first overseas assignment. It was noted that satisfying the human resource capacity demand is and will continue to be a challenge especially in hardship posts (Emmens& Parry, 2006).

Middle and senior level managerial positions are known to be the most difficult posts to fill by different organizations (Emmens& Parry, 2006; Loquerico, 2006). Managers are expected to do incredible jobs and to be a master of everything. Brew (2002) summarized the expectation on the field program mangers as a "work of superman and superwoman". This overstretching expectation was summed up by Hayward in Emergency Personnel Network Seminar (EPN, 2005) as "overload concept of universal humanitarianism (OCUH)". The other positions, which we recited as difficult positions to fill were Country Directors and health professionals, such as doctors and nurses. Male and female differences in turnover in humanitarian sector have also been a subject of study. In terms of gender, the study carried out by Emmens and Parry (2006) indicated that females are more disengaged and likely to leave than their male counterparts (13% and 4% respectively). According to the study, 13% of the female employees stayed with the agency because of no alternative choice, while 13% indicated they no longer have a feeling of belonging to the agencies for which they were working. Likewise, Taylor (1997) reported that

females were marginally under- represented amongst emergency relief personnel and the number of female personnel employed in relief agencies declined during 1994-96. Also, the national and the international staff turnover may not be identical and within the international organization difference of turnover between head office and field staffs may exist. Bailey *et al*. (2005) reported the overall turnover rate to be 21% for voluntary sector and 17% for international development agencies without including those staffs in expatriate post. Bailey *et al.* (2005) also reported a voluntary turnover (12%) to contribute to larger share of turnover rate in international development agencies. In another study, Salamons*et al.* (1998) estimated expatriate turnover rate to be 25%. In summary, the limited literature in the sector suggests that there is a problem of turnover among the humanitarian organizations. Variation exists among occupation, gender, field versus head office or national and expatriate staff.

Retention of non-leadership staff in non-profit organizations needs special attention since the loss of such staff is expensive in terms of cost of new recruitment, training and development of new joiners, cost of making stop gap arrangements, and decreased employee morale (Ban *et al.*, 2003; Lynn, 2003). Researchers maintain that the most important goal of the contemporary human resource systems is not to recruit the finest professionals, but to create congruence between people and organizations so that they would stay and work with the organization (Lynn, 2003; Vigoda& Cohen, 2003). Watson and Abzug (2005) refer to it as the process of creating 'fit and embededness'. Value and goal congruence positively affect employee performance, job satisfaction, tenure, and career success. In the absence of such congruence, an employee cannot reach the expected level of performance, and tends to accuse the organization of being politically discriminative and inequitable. In order to avoid such a potentially destructive situation, there has to be a continuous assessment of the interface between the employees and their work environment, and the development of advanced HR strategies for recruitment and retention (Vigoda& Cohen, 2003).

According to a study by Light (2002), non-profit workers focus more on the nature of the job than do their for-profit counterparts. It was observed that people come to work because they love their job even though they consistently suffer from stress, burnout and the persistent lack of resources (Light, 2002). Non-profit workers may therefore spend more time in searching out the organizations they want to work for. Recruitment issues are critical for non-profit employers (Sturgeon 1994). As Rose- Ackerman (1996) argue, the main advantage of non-profit founders

and managers is that they are motivated by ideology and not by profit. Because they are motivated by the same ideology, employees of non-profits will need little supervision and will work to provide a service that reflects their shared ideology. Non-profit costs and pay will be less, and they will attract contributions from donors who believe in their pure motives to provide services that reflect the donors' values.

In the context of voluntary sector, Agenda Consulting (2005) noted that good practice points in recruitment, selection and retention focus on the following aspects:

- ➢ Use of competency based interviews for recruitment
- ➢ Conducting staff surveys to find out why staff leave or stay
- ➢ Providing training to those who conduct interviews
- ➢ Being clear with employees on what they should expect
- ➢ Advertising jobs internally as a way to retain staffJames (2004), reflecting on ideas for a retention strategy in relief aid agencies, advises to pay special attention to:
- ➢ the importance of the induction period
- ➢ developing a sense of belonging to the organization
- ➢ avoiding information overload
- ➢ creating a career development plan
- ➢ using mentors
- ➢ favoring flexibility

The author also underlines the importance of having a coherent training policy, and the need to invest in training, even though high turnover can discourage humanitarian agencies from investing for fear of losing their investment. Employer branding is seen as especially important for the charity sector where competing for staff on the basis of high salaries is not possible (CIPD, 2005). The core of every nonprofit organization is its mission (Angelica, 2001). Mission statements are formal declarations of organizational values. More than a statement or a symbol, the mission is a tool that provides a clear, compelling statement of purpose that the organization disseminates both internally and externally. A mission statement helps define an organization, expressing its values and envisioning its future simply and clearly. Often, the mission statement attracts clients, donors, funders, employees, and volunteers to an organization (Glasrud,2001). Experts recognize that relying on the mission as a management tool is an effective strategy to improve performance in nonprofits (Drucker, 1990; Garner, 1989; Herman &Heimovics, 1991;

Mason, 1996; Pearce & David, 1987; Sawhill& Williamson, 2001). A mission statement identifies operational objectives, gives staff goals to direct its behavior, describes performance standards, and speaks to organizational survival and vision for the future (Smith *et al*, 2001). Several aspects of nonprofits compel them to keep the mission central in decision making (Fairhurst*et al*., 1997). First, the mission is the bottom line for nonprofits (Sawhill& Williamson, 2001; Sheehan, 1996).Without a clear financial bottom line to guide their decision-making, nonprofits must use the mission as a management tool that sets an agenda (Garner, 1989; Watad&Ospina, 1999).

Second, many nonprofits exhibit the characteristics of loosely coupled organizations (Orton &Weick, 1990), with a decentralized organizational structure in which the manager does not directly control the activities of a program or staff member (Anthony & Young, 1989; Hasenfeld, 1983). This is further complicated because many individuals in nonprofits conceptualize money as a means to accomplish larger objectives and not as an end in itself, either personally or organizationally (Mason, 1996). This suggests that financial incentives and controls might be less effective in nonprofits. These constraints cause managers to use strategies that draw on employees' intrinsic motivations rather than on the extrinsic motivation of money. It is the expressive benefit (participating in something one believes in) that attracts and may retain paid and unpaid employees in nonprofits (Mason, 1996). The presence of a salient mission statement reminds employees of the purpose of their work and helps managers guide employees in the fulfillment of that mission. Despite the mission's significant and fundamental role in the management and leadership of nonprofits, we know relatively little about how employees perceive the mission and how those perceptions relate to other organizational attitudes (such as satisfaction) and behaviors such as turnover (Knauft*et al*., 1991; Sheehan, 1996). Several studies have investigated employee perceptions of organizational values (Kristof, 1996). Consistently, those studies have found that a better match between employee and organizational values predicts commitment and satisfaction (O'Reilly *et al*., 1991). Jeavons (1994) recognized that nonprofits need employees who share the organization's values because those employees enact the mission in the programs and services they provide. As a result, they are critical in upholding the organization's public image and in accomplishing its purpose. Exploring employee attitudes toward the mission can inform its relevance in retaining employees. Experts recognize that relying on the mission as a management tool is an effective strategy to improve performance in

nonprofits. Brown and Yoshioka (2003) identified three broad areas as explanations of why individuals in non-profit organizations intend to stay: belief in the mission and the desire to help people, satisfaction with the organization and coworkers, and satisfaction with their job and opportunities for personal and professional growth. In a study of factors affecting commitment of volunteers in non-government charity organizations in Tehran city, Chenari (2011) found a significant relationship between occupational, environmental and personal factors and individual commitment. The study revealed that in terms of priority, environmental factors, such as supervision, working conditions, organizational policies and size, safety, health and relationship with the colleagues were most important. Next, in terms of significance were the occupational factors such as promotion and growth opportunities, participation, independence, respect and appreciation. Least important were personal factors, such as experience, age, education and individual expectations prior to recruitment

conceptual Framework Figure2: workforce turnover

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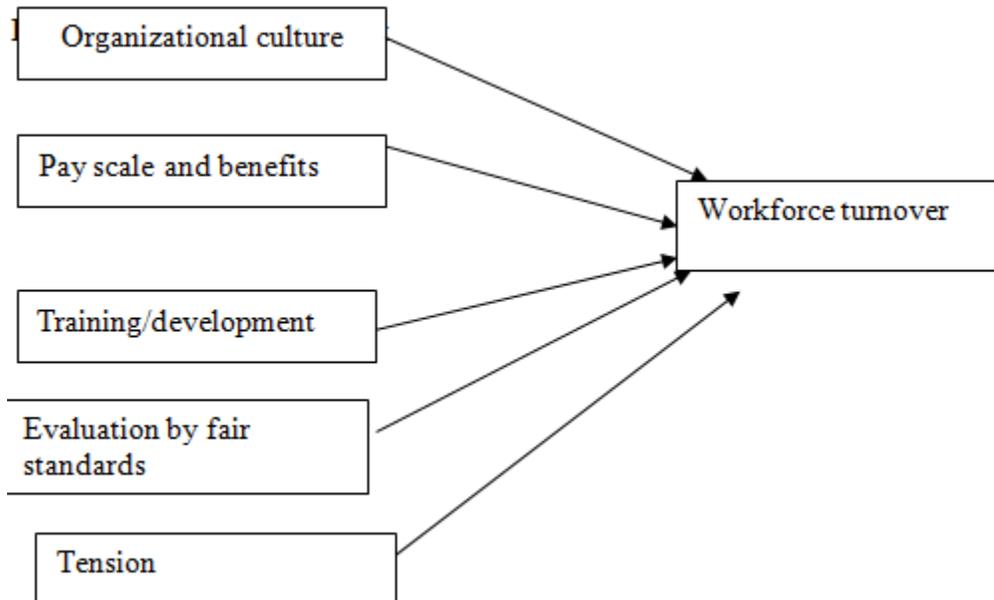
CHAPTER THREE:

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

- 3.1. It is found that the Descriptive and explanatory research design is appropriate for this specific study, because; the main aim of descriptive research is to provide an accurate and valid representation of the factors or are relevant to the research question.

  ➢ It is most commonly used in such social researches

  ➢ Enabled me to collect data /information/ from a cross-section of a given population

  ➢ It indicates that the results are easily extended to the entire population

  ➢ Time saving

3.2. Research Approach

Research approach is mixing both qualitative and quantitative approach whereas the research design is designed to be explanatory and descriptive on average turnover /quit/ of workforces in recent subsequent six years and the sources were HRM documents, current employees and workforces who left the HOF. This study adopted descriptive research design using both primary and secondary methods of data collection.

Descriptive study according to Juliet (2004) enables the researcher to collect information from a cross-section of a given population. It is the most commonly used research method in social research. Juliet (2004), Further indicates that results from such a survey method are easily extrapolated to the entire population. Besides this, the method is time saving, and less costly, the fact that the population is big and the researcher is meeting all the costs. The secondary data is collected from annual and monthly reports of the organization (HOF,(HRM) and other relevant sources. And the primary data collection methods are discussed below. In terms of time horizon, Saunders et al (2007) has classified research design into Cross sectional. A cross- sectional design is focused on a particular phenomenon at a specific period of time /2013-2018/. In this case, sample of a population was taken and turnover is studied at a particular time as in a single cross-sectional study. (Malhorta&Birks, 2007)

3.3.Population, Sample Size and Sampling Techniques

population, sample size and sampling techniques

- The population size composed of 187

- Sample size is determined using Yamane Taro sampling formula i.e n= N/N+N(E)2. As such a way sample size is 127, where

> » N= population size

> » n= sample size

> » E= margin of error

Probability Sampling Techniques:
- Simple random sampling method is used to select respondents (lottery method) Purposive sampling method is used to select interviewee from HRM

3.4. sources of data

- Primary sources used by distributing questionnaire to respondents and interview was made with HRM of the secretariat of HOF in order to find first hand information. Documents of employees in HRM used as secondary source to get the number of employees turnover.

- Type of respondents is heterogeneous and diversified as shown in demographic characteristics

3.5. Data collection tools
- Questionnaire
- Interview check list

3.6. Data collection procedure
- 127 Questionnaire was prepared by my own
- Questionnaire was distributed to the respondents by my own carefully
- After two weeks the questionnaire with responses was collected by researcher
- Type of respondents is heterogeneous and diversified as shown in demographic characteristics
- Tally was used during analysis

3.7. Data analysis methods

- Descriptive statistics method used to analyze data including frequency count, number, percentage, average and tabulation

3.8. Reliability and validity measures

3.8.1. Reliability- assured by as indicated Crobach alpha coefficient used for more than two responses and test- retest for its internal consistency and stability using the same group of respondents in different occasion and time.

3.8.2. Validity assurance- tools developed on the bases of relevant literature review to answer the research question

- Draft questionnaire forwarded to experts in the field /subject experts/ for review

- Comments of experts have been incorporated, questionnaire modified accordingly

- Then after questionnaire was submitted to advisor for further comments

- Accordingly the questionnaire was consolidated incorporating the advisor's comments

- More over the questionnaire was pilot-tested distributing to five members of HOF

- Results indicated that the questionnaire was Exhaustive to answer all the research questions

3.9. Ethical consideration

- Confidentiality- respondents' information was not disseminated to irrelevant bodies

- The consent of the respondents was secured

- The study was conducted with consent of the HOF office

- All source cited were acknowledged

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with data presentation, analysis and interpretations of the analyzed data. It includes two major analysis techniques. The first section presents and demographic features of Respondents which are the subject of the study and the second section of the chapter discuss the results and implications of the findings.

Table 4.1.. **Response Rate**

Item	Distributed rate	Response rate	Non response	Total response	%
Questionnaire distributed	127	127-	0	127	100

Source: Researcher's own survey

The table 4.1. shows that 127 questionnaire were distributed to sample respondents and 100% was collected. From this it is possible to understand all questionnaire or response rate is (100%) and no non-response rate.

4.2 Demographic Characteristics of Respondents

The demographic characteristics part of the questionnaire includes the personal futures like age, gender, educational qualification, working experience and marital status. The details are as follows ;

Table 4-2 Demographic Characteristic

№	Item	Measurement	Freq.	Percentage	
				valid%	cumulative%
1	Gender	male	74	58	58
		female	53	42	100
		total	127	100	-
2	Age	Below 25	6	5	5
		25-30	10	8	13
		31-35	41	32	45
		36-40	52	41	86
		Above 40	18	14	100
3	marital status	married	104	82	82
		single	23	18	100
		total	127	100	-
4	Educational status	certificate	12	9	9
		Diploma	21	17	26
		BSC/BA	69	54	80
		MSC	25	20	100
		PHD	0	0	100
5	Service Year	less than one year	7	6	6
		1-2 years	16	13	19
		3-5 years	20	16	35
		6-10 years	63	50	83
		>10 years	21	17	100
		total	127	100	-

Source: owner survey, 2018

Table.4.2. shows the summary of respondents' demographic factors. Accordingly, Item -1 of the table indicate out of 127 respondents, **58**% is male and the rest**42**% is female. Based on the information, we can infer that the majority of employees currently working At HOF organizations are male.

Item -2 of the table specifies age distribution of the respondents. As the result the greatest number,**41**% of the respondents are in their **36 to40**age group, followed by respondents

aged**31 to 35**, More than 40 ,**25 to 30** and Below 25 ,**32%, 14%, 8% and 5%** respectively. So, the majority of current employees are middle aged and mature active enough professionals.

 Item -3 of the table also points toward the marital status of the respondents. Accordingly, 82.0% of the respondents currently working in the organizations are married whereas 18.0% are single. Thus, based on the respondents response obtained, it can be possible to generalize that employees of the organizations are mostly married and being married may be advantageous for the organizational goal achievement because married employees are more stable to stay in the organization than single employees.

 Item -4 of the table is concerning the educational qualification of the respondents. Consequently, the largest numbers of the respondents **54 % First degree** holder followed by Second degree holder **20.0%** where as **17%** diploma holder and only **9%** of the respondents have 10 + 1 certificates. There are no respondents who are PhD qualified. Depending on the respondents' response, one can conclude that the majority of employees in the organizations are professional   enough.

Item -5 of the table is regarding the working experience or service years of the respondents in the organizations. It indicates that **50.0%** of respondents have been working in the organizations for 5 to10 years**, 16.0%** for 3 to 5 years, **17.0%** for more than 10 Years, and **13%** have been working for 1 to 2 years, and 6% less than a year each. Therefore, the majority of the respondents have been working for 5 to 10 years in the organizations. So, this is significant for the soundness of the data that provided by the respondents since those who have more stayed in the organizations know more about the organizations and assumed to be they can offer precise information.

4.3. Analysis of data collected for the study

In   this   section   the   data   obtained   on   employee   turnover   from   organizations' report(secondary data), interview conducted with human resource managers of HOF, and data collected through questionnaires from professional employees currently working at HOF, And   From Ex -employees of Organizations are analyzed, presented and interpreted by using percentage.

Table 4-3.1 Workforce turnover trend in the House of Federation from 2013-2018

sex	year						
	2013	2014	2015	2016	2017	2018	total
male	3	0	5	9	10	13	45
female	2	5	3	1	4	5	15
Total	5	5	8	10	14	18	60
%	8	8	13	17	23	30	100

Source: HRM Document, 2018

From the above table, employees turnover table Data in six consecutive years the attrition rate of the employee is increasing from year to year. i.e. in the 2013 and 2014 it is similar which means 8% of the total employee and in the year 2015 the number is increased from 8 % to 13% and also in the year 2016 and 2017 it grew up from 13 % to 17 % and 23 % respectively, Finally in the 2018 the number of turnover is 18 which is 30%. Generally the attrition rate was growing highly From year to year for various reasons as shown in the graph below that lead to have this study.

Table 4-3.2. The .influence of training development opportunity, growth and promotion, as well as financial benefits on employee turnover in HOF

S. No	Statement	Description	Response Category					
	Employee leave the HOF, because		SA 5	A 4	N 3	D 2	SD 1	Total
1	Lack of training and development opportunity	No.	46	35	20	20	6	127
		%	36	27	16	16	5	100
2	Lack of growth opportunity	No.	69	29	12	12	5	127
		%	54	22	9	9	6	100
3	Inadequate salary and other benefits package	No.	64	35	11	17	0	127
		%	50	28	9	13	0	100

Source: owner survey, 2018

Table-4.3.2.shows the summary of to what extent respondents strongly Agree, agree, Neutral, disagree or strongly disagree about Motivation System in their organizations. As

shown in the table concerning Lack of training and development opportunity, 36 % and 27 %strongly agree and agree respectively, where as 16% neutral and 16% of the respondents disagree where as5% of the respondents are strongly disagree respectively. Item-2 of the table (lack of growth opportunity) revealed 54% and 22% strongly agree and agree respectively while 9% neutral on the other hand 9% and 6% of the respondents disagree and strongly disagree respectively regarding their growth opportunity.

Item -3 of the table (Inadequate salary and other benefit packages) indicates50% and 28%strongly agree and agree regarding the question while 9% are neutral. But, 13% of the respondents disagree and no responders strongly disagree with the salary and other benefits package given by HOF. From the response one can conclude that employee's are not satisfied with organizations' salary and other benefits package System at HOF

Table 4-3.3 The effect of Management /Supervisors/ and employee relationship on turnover in HOF

S.No	statement		Response Category					
	Employee mainly leave, because	Description	SA 5	A 4	N 3	D 2	SD 1	Total
1	Unhealthy relation with immediate supervisor or management	No.	11	17	20	35	44	127
		%	9	13	16	27	35	100

Source: owner survey, 2018

The table-above shows the summary of to what extent respondents agree or disagree about unhealthy relation with immediate supervisory/management System at HOF. As shown in Item - 1 of the table, 9% and 13% strongly agree and agree whereas 16% neutral. In contrast, 35% and 27% of the respondents strongly disagree and disagree respectively about the Unhealthy relation with immediate supervisory system at HOF. From the response one can conclude that Unhealthy relation with immediate supervisor has no significant effect on employee's turnover in the HOF.

. This finding coincides with the finding of Antony and Irene (2009), which conclude that low management's assertion and dissatisfaction with incentives leads employees to resign from their job.

Table 4-3.4 Working environment as case of turnover

S. No	statement Employees leave HOF because,	Description	SA	A	N	D	SD	Total
1	Unfairness of the performance evaluation system in place	No.	40	46	23	12	6	127
		%	32	36	18	9	5	100
2	Lack of monitoring and coaching opportunities (organizational support)	No.	35	46	35	6	5	127
		%	27	36	27	5	5	100
3	Poor working condition/ not satisfied overall organizational work environment/	No.	46	46	29	6	0	127
		%	36	36	23	5	0	100
4	High job stress	No.	0	12	33	35	47	127
		%	0	9	26	28	37	100
5	Work overload	No.	0	12	33	35	47	127
		%	0	9	26	28	37	100
		Cumuli %	0	9	35	63	100	-

Tabl-4.3.4 demonstrates the extent to respondents agree or disagree about their working environment in their organizations. Accordingly, Item -1 of the table shows 32% and 36 % strongly agree and agree respectively while 18% neutral. However, 9% and 5% disagree and strongly disagree respectively concerning Unfairness of the performance evaluation system in the organization. Item -2 of the table displays 27% and 36% strongly agree and agree respectively whereas 27% neutral. On the other hand,5% and 5% disagree and strongly disagree respectively about the lack of monitoring and coaching opportunities (organizational support). From this It shows that lack of monitoring and coaching opportunities(organizational support)is reasonable, Item -3 of the table (Poor working condition/ not satisfied overall organizational work environment) indicates 36% and 36 % agree and strongly agree respectively concerning Poor working condition/ not satisfied overall organizational work

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environment in the organization reason for turnover while 23% neutral about the issue. in Contrast only 5%   disagree   regarding Poor working condition/ not satisfied overall organizational work environment.

Item -4 of the table (High job stress) indicates 0% and 9 % strongly agree and   agree respectively concerning high job stress in the organization reason for turnover while 26% neutral about the issue. In Contrast 28% disagree and 37% strongly Disagree regarding High job stress overall organizational work.

Accordingly, Item -5 of the table shows 0% and 9 % strongly agree and agree respectively while 26 % neutral. However, 28% and 37 % disagree and strongly disagree respectively concerning Work overload in the HOF.

Based on the responses, one can conclude that most of the employees complain about lack of monitoring and coaching opportunities(organizational support)in HOF   This finding   is supported by research like Musa kahan (2013)

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Table 4-3.5 Job satisfaction and other related factors as causes of employee turnover

S.No	statement	Descriptio n	Response Category					
	Employees leave , because		**SA**	**A**	**N**	**D**	**SD**	**Total**
1	Mismatch of skill and job assigned	No.	35	46	28	12	6	127
		%	27	36	23	9	5	100
2	Less recognition provided for contribution or effort	No.	52	40	29	6	0	127
		%	41	31	23	5	0	100
3	Lack of promotion and motivational policy	No,	51	45	25	6	0	127
		%	41	35	19	5	0	100

Source: Own survey, 2018

According to Item -1 of the table (Mismatch of skill and job assigned), 27% and 36% of the respondents strongly agree and agree respectively about Mismatch of skill and job assignment and 23% neutral about the question. On the contrary, 5% and 9% disagree and strongly disagree.

 Item -2 of the table indicates 41% and 31% of the respondents strongly agree and agree concerning less recognition provision for contribution or effort for employees. Whereas 23%

neutral On the other hand, 5% respondents disagree concerning Less recognition provision for contribution or effort is reason for work force turnover.

As displayed in Item -3 of the table, 41% and 35% of the respondents strongly agree and agree about Lack of promotion and motivational policy in the HOF is one of reason for work force turnover, whereas 19 % neutral but, 5% disagree. Grounded on the response, it was concluded that workforce turnover in HOF is due to job satisfaction and related factors such as:-Mismatch of skill and assigned jobs, Less recognition provision for contribution or effort of employees, Lack of promotion and motivational policy in the organization

Table 4-3.6 **External Factors and Other Personal Problems**

	Statement	Description	Response Category					
	Employee leave , because		**SA**	**A**	**N**	**D**	**SD**	**Total**
1	Availability of advance job alternatives or opportunities in the market	No.	40	35	28	12	12	127
		%	31	28	23	9	9	100
2	Desiring to be self employed	No.	12	12	29	57	17	127
		%	9	9	23	46	13	100
3	Being attracted by other organization's salary	No.	46	39	24	12	6	127
		%	36	31	19	9	5	100
4	Other personal/ family related/ reasons	No.	10	23	18	41	35	127
		%	8	18	14	32	28	100

Source: Own survey, 2018

According to Item -1 of the table, 31% and 28% of the respondents strongly agree and agree respectively about Availability of advance job alternatives or opportunities in the market is one reason for turnover. On the contrary, 23% neutral about the question whereas, 9% and 9% strongly disagree and disagree.

Item -2 of the table indicates 9% and 9% of the respondents strongly agree and agree concerning desiring to be self-employed is one factor for turnover. Whereas 23% neutral and 46% and 13%

respondents disagree and strongly disagree concerning desiring to be self-employee is not reason for work force turnover.

As displayed in Item -3 of the table, 36% and 31% of the respondents strongly agree and agree about Being attracted by other organization's salary and benefits is one of reason for work force turnover. while 19 % neutral But 9% disagree and 5% strongly disagree.

Item -4 of the table, 18% and 8% of the respondents strongly agree and agree while14% neutral about Other personal/ family related/ reasons is one of reason for work force turnover.But32% disagree and 28% strongly disagree. From this response, it was concluded that workforce turnover in HOF is due to external and Other Personal factors/Problems such as:-Availability of advance job alternatives or opportunities in the market, desiring to be self-employed, Being attracted by other organization's salary and benefits.

However, desiring to be self-employed and other personal/ family related/ reasons are not strong factors for Employee Turnover.

According to Kinnear & Sutherland, 2001; Maertz & Griffeth, 2004; Meudell& Rodham, 1998; whose study was Empirical studies have revealed that factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were reported by employees as key motivational variables that influenced their retention in the organizations. this result lsao supports similarly this study.

Table 4-3.7. Respondents' view on what can be done to retain staff of HOF

S.no	Opinion items to mitigate	freq	valid %	cumulative %
1	Salary increment	67	53	100
	Promotion and Development Package	60	47	
	Total	127	100	100
2	fair and justice job placement	57	45	
	Job match with skills	70	55	
	Total	127	100	
3	Autonomy(work freedom)	58	46	100
	Formal socialization, orientation on time training	69	54	
	Total	127	100	

4	motivation system(recognitions)	86	68	100
	Safe working environment	41	32	
	Total	127	100	

From the table, majority of the respondents 67(53%) are of the view that Salary incrementing and recognition and Promotion and Development Package 60(47%) could help retain staff of the HOF. 57(45%) of the respondents are also of the view that fair and justice job placement Job match with skills 70(55%) for staff could help retain the staff of the HOF. Those who think Autonomy (work freedom) 58(46%) and Formal socialization, orientation on time Training 69(54%) should help the staff to retain.

Motivation system (recognitions) can help to retain the staff of the HOF comprised of 86(68%) of the response rate. Those who think Safe working environment for staff could help retain the staff of the HOF were represented by 41(32%) respondent . This indicates that adequate compensation is a strong pull factor that can best retain employees followed by availability of training program for staff. 'Good working conditions' is also a reason to pull staff to the organization**.**

Interview Analysis

According to the management responses opinion especially HRM of HOF about high turnover of the employee mainly inadequate salary, insignificant benefit and motivational packages, organizational culture and working environment, this means in most cases it bonded politically. It is pointed that the job places like directorates and the consultants assigned not on the base of merit and this leads to unfair and unjust treatment of employees and this makes the organization less efficient for its constitutional mandate .political culture of the organization, also interferes administrative or civil works. Therefore, most of employees leave the HOF voluntary in search flexible and advanced organization. In addition to this the management replied that although the organization has motivation mechanism, it is poor and insignificant. So, they put their opinion the reasons mentioned above make the turnover too serious to accomplish constitutional mandate of the HOF. As the result the HOF lost experienced expertise, incurs high cost of recruitment, cost of announcing vacancy, cost of training newly entrant employee, waste of time in socialization ,testing cost and the likes.

Another limitation of the HOF regarding managing of employee turnover is, it is not practical to provide formal orientation when new employee comes to the organization regarding its political culture of the HOF.

As Rhoades & Eisenberger, 2002; Dixon & Sagas, 2007.Aryee*et al.* (1998) studied found a positive correlation between satisfaction with work flexibility and intentions to stay.

In a survey carried out on recruitment, retention and turnover in organizations in UK (CIPD, 2005), top three reasons behind departure with % age of employees voting for each of the reasons were found out as : Promotion outside of the organization, Lack of development or career and Pla. Which also supports this study of interview analysis.

This section presents the interview made with the managements and what the managements have said about the high employee turnover at HOF. Managements attitude on the impact of high employees turnover Management forwards that increased cost of hiring new employees, delay in service giving, increases risk because of new employees and bad reputation about the organization can be the effects of high employees turnover. Managements awareness about the high turnover of professional employee and current trend of employees turnover. The analysis from interview shows that the management of HOF or department of the human resource development management is aware about the high turnover of professional employee. As the department, the employee turnover is increasing from time to time. Is the turnover of employees a serious problem for the organization? Although, the HRM is aware of the consequences of high employment turnover, as there is enough supply of human resource from the market the department/ authority is not considering it as serious problem. Management's opinion on the causes of employees turnover in the organization.

The HRM of the organization believes that search for a better job and tight lows/rules of human resource management that the organization deploys/ enforce are the main causes of this high employee turnover. The management of the organization also believes that some of the employees resign because of personal problems. Managements view about employee's financial compunction as compared to the market

The organization and the top management believe that the employees are well paid specially in terms of salary. The salary scale which was above all civil service organizations , was set by special body after long time of research and deep discussion. All benefits were included in the salary scale and no benefits are allowed by law: because it was believed that salary scale is enough to attract new professional employees and to retain the existing employees.

Does HOF make exit interview when employees resign and use the information obtained from the exit interview?

The HRM also replied that, mostly they do not make exit interview when employees resign. And they said this was because mostly employees resign without announcing the organization. Mechanism used by the management to retain experienced and qualified employees? The finding from the interview also indicates that, the management of the organization believes that the salary scale itself is one of the retaining mechanisms and beyond that according to the directive, they give the employees promotion from one level to the next and the salary scale also increases with the higher levels.

Managements view about employee's contribution for the success of HOF's objective

Finally, the HRM explained; it is known that the human resources have a great role on the success of the organization's objectives. It is tried to utilize the human resource by inspiring employees and rearranging them in different groups like change army and peer to peer groups.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary, Conclusion and possible recommendations based on the analysis and interpretation of the data that are collected through questionnaires and interviews.

5.1. Summary of Major Findings

This study attempted to investigate the attitude of both the current, ex-employees and management of HOF towards high employees turnover on the organization. From the analysis made the main reasons of the high employee turnover that are found in the organization (HOF) are: Lack of training and development opportunity, Lack of growth opportunity, inadequate salary and other benefit package, unfair performance evaluation, Lack of monitoring and coaching opportunities(organizational support), Poor working condition/ not satisfied overall organizational work environment/, Mismatch of skill and job assignment, Less recognition provided for contribution or effort, Lack of promotion and motivational policy, availability of advance job alternatives or opportunities in the market, being attracted by other organization's salary and benefits. Whereas, factors like Unhealthy relation with immediate supervisor, High job stress, Work overload, Desiring to be self employed, other personal/ family related/ reasons have no significant effect on work force turnover in HOF.

5.2. CONCLUSIONS

To conclude: Demographically from 127 respondents, 58% were male and the rest 42% were female. It refers to majority of the respondents are male. Accordingly 127 questionnaires were distributed to sample respondents and 100% was collected. Data analysis was made statistically frequency count, numbers, percentage, Likert scale, tables and figures and qualitative as well as quantities methods were used to interpret the data.

The findings of the study revealed that, since 2013-2018 there is high rate employee turnover which is at 2013 it was 8% at 2018 raised to 30%, increased by 22% causing high cost to the HOF like outsourcing cost, announcing vacancy cost, recruiting, hiring, interviewing and other relating costs. More over the study revealed because of high return, the organization unable to

accomplish its constitutional mandate effectively and efficiently. So it shows the effect of turnover was too serious to HOF.

Lack of training and development opportunity, Lack of growth opportunity Inadequate salary and other benefits package, promotion and development packages, fair and justice job placement, Job mismatch with appropriate skills, autonomy (work freedom,) orientation on time, motivation system(recognitions) safe working environment and external factors whereas other personal problems like, availability of advance job alternatives or opportunities in the market revealed as main causes of turnover.

5.3. Recommendations

Based on the findings and conclusions of this study, the following main recommendations are made to enable the HOF to retain the current employees and decrease the existing high employee's turnover as well as to save serious cost effect and to improve the effectiveness and efficiency of its mandate

- ➢ As the mitigating dissatisfaction the organization should improve its financial and non financial benefit strategies.
- ➢ The HOF should improve adequate and attractive salary packages
- ➢ During hiring new employees the HOF should provide formal orientation and socialization program regarding rule and regulation and overall organizational culture
- ➢ . Attention should be given to fair Job placement based on merit and justice.
- ➢ Matching job placement with appropriate skill and knowledge should be another crucial focus area in order to retain the employees.
- ➢ Growth, promotion and development should be based on carrier structure and timely
- ➢ The HOF must improve the management's problem solving ability and it should work hard to make the working environment better. After all, human resource is considered to be the most important resource of an organization. It is time for HOF's secretariat to start thinking about the future of the organizational successes which can be achieved through retaining experienced employees in the organization.

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Appendices

Questionnaires to be completed by ex-professional employees of House of Federation The researcher is a graduate student pursuing a master of art degree in "Business and General Administration"(MBA) of St. Marry University. He is also conducting a research study on a cause of "High Workforce Turnover in House of Federation." As you have been selected to answer the questions below displaying in a good faith The study is purely for academic purpose and all information provided will be treated confidential. Your prompt response will be highly appreciated.

Appendices- 1 Demographic Characteristic of Respondents

Use "√" mark as you response in the box below

1. Your age group below 25 ☐   2 5-30 ☐   31-35 ☐   36-40 ☐   above 40 ☐
2. Sex male ☐   Female ☐
3. Marital status ☐   married ☐   Single ☐
4. Qualification: certificate ☐   12+2 (diploma ☐   BSC/BA ☐   MSC/A ☐   PHD ☐
5. Year of service in your career

   Less than 1 years ☐   1-2 years ☐   3-5 years ☐   6-10 years ☐   above 10 years ☐

Appendices-2 Questionnaires

1. According to your opinion, what are the reasons for employee turnover at House Of Federation? Indicate by strongly agree, agree, neutral, disagree and strongly disagree with the statements given putting a "√" mark in the appropriate box.

Ser. No	statements	Responses				
	Employees mainly leave the House Of federation due to;	SA (5)	A (4)	N (3)	D (2)	SD (1)
1	Lack of training and development opportunity					
2	Lack of growth opportunity					
3	Unhealthy relation with immediate supervisor					
4	Unfairness of the performance evaluation system in place					
5	Inadequate salary and other benefits package					
6	Lack of monitoring and coaching opportunities(					

			SA	A	N	D	SD
	organizational support)						
7	Mismatch of skill and job assigned						
8	Less recognition provided for contribution or effort						
9	Poor working condition/ not satisfied overall organizational work environment/						
10	High job stress						
11	Work overload						
12	Availability of advance job alternatives or opportunities in the market						
13	Desiring to be self employed						
14	Being attracted by other organization's salary and benefits						
15	Other personal/ family related/ reasons						
16	Lack of promotion and motivational policy						

NOTE: SA= strongly agree, A = Agree, N=Neutral, D= Disagree, and SD=strongly Disagree

Appendices-3 Interview checklist

1. How serious is employee turnover in the HOF?

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2. What mechanisms are placed by the HOF to retain employees ?

----

3. What measures should be taken to mitigate the effect of turnover?

To conclude: Demographycally from 127 respondents, **58**% were male and the rest **42%** were female. It refers to majority of the respondents are male. Accordingly 127 questionnaire were distributed to sample respondents and 100% was collected. Data analysis was made statistically using numbers, percentage, Lecarte scale, tables and figures and qualitative as well as quantitave methods were used to interprate the data.

The findings of the study revealed that, since 2013-2018 there is high rate employee turnover which is at 2013 it was 8% at 2018 raised to 30%, increased by 22% causing high cost to the HOF like outsourcing cost, announcing vaccancy cost, reruiting, hiring, interviewing and other relating costs. More over the study revealed beause of high return, the   organiz unable to accomplish its constitutional mandate effectively and efficiently. So it shows the effect of turnover was too serious to HOF.

Lack of training and development opportunity, Lack of growth opportunity Inadequate salary and other benefits package, promotion and development packages, fair and justice job placement, Job mismatch with appropraite skills, autonomy(work freedom,) orientation on time, motivation system(recognitions) safe working environment and external factors and other personal problems like, availability of advance job alternatives or opportunities in the market reavealed as main causes of turnover.