# ST. MARY'S UNIVERSITY

# SCHOOL OF GRADUATE STUDIES

# MBA PROGRAM

## ASSESSMENT OF EMPLOYEES TURNOVER INTENTION :THE CASE OF ADDIS ABABA INVESTMENT COMISSION

## BY: LEYLA AHMED

JUNE 2022

ADDIS ABABA,ETHOPIA

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### ASTUDENT ID.NO:SGS/0181/2013A

**APPROVED BY BOARD OF EXAMINERS**

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## Declaration

I, Leyla Ahmed, do hereby declare that my thesis work entitled Employees turnover intention :the case of addis ababa investment commission for the award of the degree of Master of Business Administration at St. Mary's University is my original work and it has not been presented to any other university for a similar or any other degree award.

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# ENDORSEMENT

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


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St. Mary's University, Addis Ababa                                JUN 2022

## ACKNOWLEDGEMENT

# ABSTRACT

This study intended to Assessment of employee's turnover intention to leave: the case of Addis Ababa investment commission. The study was conducted to assess factors affecting employee turnover intention in AAIC. The study was conducted using both primary and secondary sources of information. Primary data was generated though questionnaire and interview. Research design used in this study *was both quantitative and qualitative analysis method*. Total population was used in this research the targeted population was the employees AAIC which consisted a sample size of 100 employees from 112 total population of employee,12 of employees cannot participate by different reason. The study finding suggests that Staff turnover caused by lack of existence of good relationship between employees with each other and managers in the organization, absence of adequate payment, working condition is another cause of staff turnover, lack of opportunities for training and development, employee input was not appreciated in the organization also cause of employ turnover and lack of work challenge in the organization are cause of staff turnover. The findings highlighted that When an organization loses a critical employee, there is negative impact on work load for each employee or unnecessary pressure on staff that are at work and major delays in the delivery of services to customers may occur and it impact on too much wastage of resources when new staff settles in the organization, and reduction in work productivity or service provision. The recommendations highlighted that management should develop opportunities for career advancement in AAIC Limited. .

*Keywords* :- **Employee turnover and Intention to leave**

# Contents

# Chapter One

## Introduction

### Background of the Study

The issue of employee turnover and intention to leave in organization is exists in most of the organization throughout the world. Even in the highly developed industrial nations, the rate of employee turnover and intention to leave in organization is still very high. Moreover, looking into the gender perspective, Women pay may be less than that of man, requiring parallel education, training, skills, and responsibility. The level of performance or the ability of work done by the staff will only be achieved if the employees satisfied by the internal environment of an organization. Employee turnover and intention to leave in organization is one of the main issues that extensively affect the overall performance of an organization. Therefore organization should be giving more attention about employee turnover and intention to leave in organization in order to identify and resolve the issue of employee turnover in the organization.(Mobley, (1982).

The consequences of turnover and intention to leave have received significantly less attention from researchers (Staw 1980, Mobley 1982, Glebbeek and Bax 2004). According to Prefer and Sutton (2009) managerial concern on employee turnover and intention to leave has suddenly become heightened. This concern is further excercabated as a result of the growing cost of replacing employees, or other general costs typically associated with employees like recruitment and training (Collins and Smith, 2006). Some of the specific concerns of managers and other concerned stakeholders are the negative consequences of high employee turnovers which are often reflected in product and service quality, consistency and stability of services exchanged for money with clients and customers in general (Trevor and Nyberg, 2008).

Job performance, Salaries and conditions of service, work environment, career growth, job satisfaction, promotional opportunities, and employee commitment were identified as the factors shaping turnover intentions of academic librarians in St. Mary university

(Nyamubarwa, 2014). There was also a study to identify the factors affecting turnover intention Paulsen also studied to identify factors that affect turnover intention in an engineering jobs (Paulsen, 2014). Another dimension of turnover intention that is burnout and organizational fit in the academic sector was also been studied. (Nabil, 2016).

The existences of qualified, efficient and motivated work force are essential for every organization to function at a desired level. Organizations use different techniques to attract the type of people they need in their organization. To achieve their goal demand for trained manpower the organizations depend on the accessible employee in the market which basically is the employees that are experienced on working in the same industry and sometime attract labor from new graduate students from university. Therefore, it is obvious similar practice of the organizations to take employees from one another. (Ajezen, 2012 p: 438).

Attracting employees for employment is one thing, keeping them is totally a different task for organizations. In any organization, human resources policies need to focus on supporting the main mission of the institution. It should be clearly linked to the strategies and goals of the organization. The human resources functions main responsibility in any firm is to develop and implement a policy and practice that should enable the firm to attract, motivate and retain their key personnel. Therefore, understanding the intention of employees helps to formulate strategies that could solve the problem. As the theory of planned behavior of by Icek Ajezen points out, 'intention is the immediate antecedent of behavior and itself is a function of attitude towards behavior'. (Ajezen, 2012 p: 438).

Cause of turnover and intension to leave is two related but different HRM concept Macy and Mirvis (1983) define employee turnover as "A permanent movement of employees beyond the organization." It should be clearly noted that an intentional termination, promotion or transfer of employees by the employer should not be considered but, Intention to leave is considered as part of a sequence in the psychological withdrawal of an employee from the job process. Mobley (1982). Turnover is natural for individuals to think and plan when they think of changing their jobs (Nyamubarwa,2013).employees who are thinking of quitting may still be persuaded to stay yet it is too late to change the work environment for those who have already left employment (Lambert &Hogan, 2009;

Mitchell, et al., 2001). For this study, "intention to leave" refers to the subjective estimation of an individual's probability of leaving an organization in the near future.(Nyamubarwa, 2013)

Generally all studies related to turnover intention are try to identify the possible cause of turnover intention which could help decision makers focus on formulating appropriate human resource strategies. Therefore this study is useful to identify the causes of turnover and intention to leave in the case of AAIC.

### Background of Addis Ababa Investment Commission

There is a plan to enhance investment through effective management, technological and business process management, the government plans the institutions that need to be specialized and established to support industrial development under GTP 2. The plan is to build the capacity of investment organs such as the Investment Commission and other investment administration organs. The existing twinning arrangements need to be enhanced to a higher level.

To this end, our Country enacts Investment Proclamation (No.1180/2020) which Provides for the re-establishment of the Ethiopian Investment Board, Ethiopian Investment Commission, Federal Government, and Regional State Administrations Investment Council and framework for Regional Investment organs which has enabled formulation and implementation of coherent investment promotion policy in Ethiopia. Based on this framework, AAIC has the power to administer and implement respective investments in Addis Ababa.

Addis Ababa Investment Commission (AAIC) is established having legal personality under article 34 Addis Negari Gazeta proclamation No. 64/2019 Addis Ababa City Government Executive organ re-establishment proclamation with the mandate of both promotional and regulatory/administrative functions, including promoting the city as an investment destination, offering investment incentives, screening investment proposals, collecting investment data and monitoring investment operations. It is officially competent for all matters that relate to investment administration in the city, but other

stake-holder authorities also play a key role in many regards as will be discussed in the next topic. The role of the Addis Ababa Investment Commission of the City of Addis Ababa is supporting the long-term economic development of the city, building and strengthening Addis Ababa's position as the foremost economic center of the African continent, as Ethiopian economic growth leader as well as promoting, sustainable and shared growth.

## Statement of the Problem

High employee turnover is costly and can negatively affect business but, having sets of human resource policies and practices that support the organization's objective is crucial to understand and manage employee turnover. In addition, the practical application of these polices is also important( M. Armstrong ,(2006)

AAIC  are Investment activities play for the overall economic growth of the country and to resolve poverty and backwardness of the city. So, having qualified and motivated staff is a key to be a winner in the sector. But, it has been noted that there is a high employee turnover that has posed a serious challenge in the service delivery(AAIC gide book 2013)

Employee turnover remains one of the most widely researched topics in organizational analysis. Despite the significant research progress, there still remains a great deal of confusion as to what might actually cause employees to leave or remain in their organizations. Also, the lack of convergence among the models proposed in previous research has added to this confusion. Fundamentally, these 4 models were aimed at enlightening our understanding and predictions of employee movements within and out of the organizations. However, the significance divergence among these models seems to militate against uniformity and hence generalizations. Among those factors are external factors mainly the labor markets and institutional factors such as physical working conditions, pay, job skills, and supervision and so on. Others are employee personal characteristics such a intelligence and aptitude, personal history, sex, interests,  age, length of service and may more. There are also factors related to employee's reaction to job, including aspects as job satisfaction, job involvement and job expectations M. Armstrong (2006)

It is argued that high employee turnover affects companies in several ways. First and foremost, when long time employees leave the organization, they often take away valuable institutional knowledge or intellectual assets with them. Seasoned staff members serve as morale boosters for work teams and help new employees progress more quickly. Second, high employee turnover forces business owners to focus their efforts on staffing. Whether the employees being replaced are senior-level executives, middle managers or entry level staff, business owners often bear the responsibility of recruiting, interviewing, and training new hires. And this is a great cost typically the equivalent of 50 percent to 150 percent of the salary for the position that is open (Dess and Shaw, 2001).

There are enormous researches conducted on Assessment of Causes of Employees Turnover and Intention to leave because it is main HRM issues, when an employee leaves the organization the present employees have to fill the gap until a new employee is appointed. Employees' turnover impacts on employee performance because they get disrupted on their daily work performance. The organizations spend lot of money on the recruitment and training of new staff members each year due to high turnover rates (Dlamini-Zuma, 2009).

there is a high employee turnover that has posed a serious challenge in the service delivery.(AAIC gide book2013) so this studies are assess cause and effect of turnover and to form Strategies to minimize employee turnover, and it conduct on Addis Ababa investment commission.

From the above arguments, this study intends to investigate the impacts of employee turnover, causes of the high rate of employee turnover and proposes strategies to reduce the high rate of employee turnover or recommendations for improving organizational performance.

## Objective of the Study

The general Research Objective of the study was to assesses employee turnover intention in AAIC

Specific Objectives

- To assess the level of employee turnover at AAIC
- To assess the level of employee turnover intention at AAIC
- To assess the Strategies put in place to minimize employee turnover intention in AAIC,

## Research Questions

The research is designed to answer the following questions in relation to causes of employee turnover in

- What is the level of employee turnover at AAIC
- What is the level of employee turnover intention at AAIC
- What Strategies are put in place to minimize employee turnover intention in AAIC

## Scope of the Study

The researcher only assesses the factors that affect employee turnover that is made by employees themselves which is voluntary turnover. The researcher used descriptive study in order to achieve the stated objective. Hence, the research is delimited to determine factors that affect employee's turnover at Addis Investment.

## Limitation of the Study

The study was limited to focusing on the assessment of the employees 'turnover intention to leave at AAIC Limited in Ethiopia. Time was one of the constraints faced by the researcher. Respondents could not be available all the time as planed due to tight schedule of their work. The researcher therefore ought to reschedule meeting time with respondents in order to fulfill the demand. Moreover, the researcher resolved the problem of time constraints by developing an action-plan and abided to it in order to manage time effectively. In addition, the researcher restricted himself into collecting data that are useful and are more likely to be processed later by developing effective data collection tools and come up with the dissertation.

## Significance of the Study

This research will be used to the management of AAIC, as a primary concerned body in minimizing employee turnover intention. It shows the management the main factors that are contributing to employee turnover to help them formulate strategies to solve employee turnover problem. It is hoped that this study also benefits other organization and make recommendations for improving organizational performances.

# Chapter 2

# Literature Review

## Introduction

In this chapter detailed literatures review on employee turnover issues on organization performance is given. This chapter presents both theoretical and empirical literature that aims at developing an understanding of the employee turnover impact on organization performance.

## Theoretical Literature Review

### Definition of Employee Turnover

Employee turnover has been defined in different manner. Employee turnover should refer only to separation of the employee and the company whereby it is initiated by the employee. In another version employee turnover is defined as the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment Abassi et al. (2000). Macy and Mirvis (1983) define employee turnover as "A permanent movement of employees beyond the organization." It should be clearly noted that an intentional termination, promotion or transfer of employees by the employer should not be considered as turnovers as clearly indicated in the above definition. The term "turnover" is defined by Price (1977) as: the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Employee turnover is also defined as, "The movement in to and out of an organization by workforce." by Edwin Flippo (1988). Graham (1980) also provide a broader sense of employee turnover definition as, "The movement of people or employees in and out of the firm on the assumption that the leaver is eventually replaced by a new employee." As we can see from the various definitions provided above we can safely say that, employee turnover r refers to the separation of employees from the organization on a permanent basis. In all the definitions the main actor for the separation is the employee.

**Turnover Intention**

Oxford dictionary defines 'intention' as an aim or plan. When we discuss turnover intention it presupposes the

Predetermined plan or thinking from the employees' part. Therefore it is essential as explained by Ajzen, to look into what lies behind the behavioral intention itself and how the intention is established in order to understand the intention of turnover. Fishbein and Ajzen (1975) developed a model that identifies the distinction between beliefs, attitudes, intentions and behaviors, with a main focus on the relations between the variables. Based on their theory, the single predictor of individual behavior is the measure of intention to perform the specific behavior. (Ajzen, 1991, p 183).

Fishbein (1967) early stated that the major determinants of behavioral intention are the attitude towards the behavior itself, together with the individual's perceived subjective norms around him or her. The weight of the two determinants is expected to vary considering the behavior type in 13 question, as well as with the conditions of the action (Fishbein & Ajzen,1975). Inconsistent relations between some variables and intentions may therefore occur because the employee may or may not consistently consider the normative component of the behavioral intention, or consider his or her beliefs about performing the specific behavior to the same degree as other employees. There are therefore, based on this theory, large variations in how an employee develop turnover intention. The factors contributing to the process of establishing turnover intention may, however, show a pattern among participating employees.

**Causes of Employee Turnover**

Henry Ongori, 2007 classify the reasons for employee turnover in two broad categories as job related and organization related. Though a definitive conclusion may not be reached, job related factors relates to the experience of job related stress, the range factors that lead to job related stress, lack of commitment in the organization; and job dissatisfaction make employees to quit Firth et al. (2004). There are other factors like personal agency refers to concepts such as a sense of powerlessness, locus of control and personal control. Locus control refers to the extent to which people believe that the external factors such as chance and powerful others are in control of the events which influence their lives Firth

et al. (2004). On the other hand an organizational factor refers to issues such as organizational instability. A predictable work environment is important for employees' stability. Unsettling environment results in the reverse which high turnover. In organizations where there was a high level of inefficiency there was also a high level of staff turnover (Alexander et al., 1994 as quoted by Ongori, 2007). Therefore, in situations where organizations are not stable employees tend to quit and look for stable organizations because with stable organizations they would be able to predict their career advancement.

The following are the major factor affecting employee turnover:

### *Job Dissatisfaction*

Job dissatisfaction is one of major causes of absenteeism. Robbins and Decenzo (2001) state that a person with high job sati sfaction holds positive attitudes towards the job. It is the people with negative attitudes that absent themselves. In a study conducted in a Military Health Care Facility by Mullins (2005), it was found that there was a positive relationship between job dissatisfaction, employee turnover and levels of absenteeism.

### *Compensation*

The main objective of a compensation system is to attract and retain high quality staff. In order to be able to retain staff, the rewards that employee receive for their compensation must be satisfactory. Grobler, Warnich, Carrell, Elbert and Hartfield (2002) state that compensation refers to all forms of financial returns and tangible benefits those employees receive as part of their remuneration package. Robbins (2003) agrees that the classical objectives of any compensation system are to attract, retain and motivate employees. Poor remuneration is one of the reasons of staff turnover. If employees are not satisfied with what they are paid, they normally leave to seek greener pastures. Moreover, the working conditions, motivation, recognition and an opportunity to grow must also be feasible. An employee may still leave even 8 if another job offers a lower salary as long as he or she enjoys job satisfaction. Although financial incentives will encourage employees to stay over the short term, over the long term they need opportunities for growth (Tyani, 2001).

*Training and Development of Employees*

According to Ichniowski (2004) another tool for staff retention is staff training. Training may help staff to become more competent and to enjoy their work even better. They may gain confidence in their work which in turn may boost their morale. Reducing staff turnover will benefit business and save money (Mullins, 2005). Moreover, replacing staff is costly and valuable skills are lost. By providing staff with training and development they are more likely to be keen to take on greater responsibilities more suited to promotion or career progression. Staff may become confident and motivated and they may not rely too much on supervision. The costs associated with staff turnover are simply huge, taking into account the costs of recruitment, training and absence combined with average salaries and attrition rates (Tyani, 2001).

According to Portolese, (2012, p 235), there are at least five common reasons why employees leave. These five common causes are*:*

1. **A poor match between the job and the skills of the employee.**

This issue is directly related to the recruitment process. When a poor match occurs, it can cause frustration for the employee and for the manager.

2. **Lack of growth**

Some employees feel "stuck" in their job and do not see a way to have upward mobility in the organization.

3. **Internal pay equity**

Some employees, while they may not feel dissatisfied with their own pay initially, may feel dissatisfaction when comparing their pay with others.

### 4. *Management*

Many employees cite management as their reason for leaving. This can be attributed to over managing people, managers not being fair or playing favorites, lack of or poor communication by managers, and unrealistic expectations of managers.

### 5. *Work load*

Some employees feel their workloads are too heavy, resulting in employees being spread thin and lacking satisfaction from their jobs, and possibly, lack of work-life balance as a result.

From the above causes that the reasons for turnover are many and diverse. This is a complex issue that organizations need to give a prime importance to address. It should also be noted that the above reasons are mostly under the control of the management and it warrants a clearly defined HR policies and their application in day to day basis

## consequences of Employee Turnover

Steers (2002) states that staff turnover is costly and disruptive. Costly, as it reduces the output and disruptive, as it requires that schedules and programmes to be modified. This is true in the Department of Home Affairs as staff turnover causes the organization to lose a lot of money because they have to employ other agency staff to come and help. The agency staff is paid from the organization's coffers and it becomes very expensive.

According to Robbins (2003), staff turnover is costing Soutfh African organizations millions of rands in decreased efficiency. He further states that in the United States, staff turnover is estimated at $40 billion a year, in Canada $12 billion and in Germany DM 60 billion (Robbins, 2003). The cost of staff turnover and the impact thereof on productivity alone is enough to depress any human resource manager and the organization. There might be a delay of service delivery while waiting for the replacement staff to arrive. In addition, there might be production losses while assigning and employing replacement staff (Ziel and Antointette, 2003). Often the organisation experiences a waste of time due to inexperienced replacement of staff. Management and other staff spend valuable time not doing their job but trying to orientate the replacement staff.

According to Page (2001) the escalation in the rate of labor turnover is a major concern for businesses and is clearly impacting on organizational performance. Clients begin to doubt the management of such an organization and unsure whether they should continue to do business with an organization with higher staff turnover. Mullins (2005) maintains that the costs of recruiting and engaging new members of staff are considerable. He adds that this affects the direct costs like advertising, agency fees, paper work and interview time. Robbins and Decenzo (2001) state that there are many hidden or indirect costs, like the expenses incurred in training and supervising new entrants, as well as those they are replacing and overtime that may have to be paid during staff shortages. Other costs may include increased wastage and losses while new staff settles in.

Moreover, customer irritation and low staffing morale leads to high staff turnover (Cohen, 2000). The impact of staff turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness. Mathis and Jackson (2007) state that employees have to work extra hours to compensate for the work of those that have resigned. Russell and Bvuma (2001) state that cost is not only financial but must also be measured in terms of the damage to staff morale and deficits in meeting customer demand. The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees.

According to Nel, et al. (2004), the following are some of the factors that impact on staff turnover and organizational effectiveness: Increased customer complaints about the service; the quality of service is decreasing because of staff shortage, the replacement staff may be unfamiliar with the unit and task or duties to be performed; therefore inefficiency and errors may result, sometimes a personnel member in the unit is in the lower categories of staff. Therefore they are restricted by their scope of duty. They can perform certain duties under the direct supervision of a trained member  or sometimes they are completely forbidden to do certain duties.

Gardner (2009) asserts that staff turnover may have devastating effects on service rendered by the organization and these may bring deficits in meeting customer demand. This leads to customer irritation and increase in complaints. Mullins (2005) states that organizations that create work environments that attracts, motivate and retain hard

working individuals will  be better positioned to succeed in a competitive environment that demands quality and cost efficiency. Ekinci and Riley (2000) also agree that it is critical to understand that interdependent relationship exists between employee satisfaction and customer satisfaction and that the organization needs to focus on both these components.

Staff turnover can also have a negative impact on other employees by disrupting group socialization processes and increasing internal conflict, which can lead to triggering additional absenteeism (Neo, Hollenbeck, Gerhart and Wright, 2006). In addition, the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organization. People grow professionally and personally, and good employers are able to accommodate these changes in the circumstance. A highly satisfied workforce is far more capable of meeting organizational goals and customer needs than an apathetic and uninspired one (Swanepoel, Erusmus, Van Wyk and Schenk, 2003). Tyani (2001) states that cost is not only financial but must also be measured by the damage to staff morale and deficits in meeting community demand.

### Measurment of employee turnover

Employee turnover level, or employee turnover rate, is the measurement of the number of employees who leave an organization during a specified time period, typically one year. While an organization usually measures the total number of employees who leave, turnover can also apply to subcategories within an organization like individual departments or demographic groups.

We can Calculate Employee Turnover Divide the sum total of the number of employees that leave within a specific period of time (month, quarter, year, etc.) by the average number of employees that work within the selected time frame. Multiply that number by 100 to calculate the employee turnover rate to (Armstrong,2006)

Do not include temporary hires or employees who go on temporary leave in either factor of the equation. Incorporating these kinds of temporary shifts in workforce numbers will skew your turnover rate higher than it really is.

There are many reasons why employees leave a department or an organization, and while some reasons for turnover are negative, some turnover is expected and perfectly normal. What's bad is when turnover happens for negative reasons and/or when turnover happens at an unexpected rate. Some of the most common reasons for turnover include the following:

- Lack of opportunity for growth or career development
- Natural career progression
- Internal promotion or transfer
- Feeling overworked/burnout
- Negative feelings towards boss or management
- Toxic work environment
- Family or life event
- Competitive offer
- Lack of work-life balance
- Involuntary departure

Understanding the causes of employee turnover can help businesses make the necessary changes to maintain their workforce at the desired level. *Because of the* many variables affecting turnover, benchmarks for acceptable or ideal turnover vary. It's important for organizations to take individual and industry-related factors into account as they pinpoint their target turnover rate, study the reasons behind their voluntary and involuntary turnover, and make changes to impact the employee turnover rate for their own workforce

### Strategies to minimize employee turnover

Strategies on how to minimize employee turnover, con-fronted with problems of employee turnover, management has several policy options viz. changing (or improving existing) policies towards recruitment, selection, induction, training, job design and wage payment. Policy choice, however, must be appropriate to the precise dia-gnosis of the problem. Employee turnover attributable to poor selection procedures, for example, is unlikely to improve were the policy modification to focus exclusively

on the induction process. Equally, employee turnover attributable to wage rates which produce earnings that are not competitive with other firms in the local labor market is unlikely to decrease were the policy adjustment merely to enhance the organization's provision of on-the-job training opportunities. Given that there is increase in direct and indirect costs of labor turnover, therefore, management are frequently exhorted to identify the reasons why people leave organization's so that appropriate action is taken by the management. Extensive research has shown that the following categories of human capital management factors provides a core set of measures that senior management can use to increase the effectiveness of their investment in people and improve overall corporate performance of business:

Employee engagement, the organization's capacity to engage, retain, and optimize the value of its employees hinges on how well jobs are designed, how employees' time is used, and the commitment and support that is shown to employees by the management would motivate employees to stay in organizations..

Knowledge accessibility, the extent of the organization's "collaborativeness" and its capacity for making knowledge and ideas widely available to employees, would make employees to stay in the organization. Sharing of information should be made at all levels of management. This accessibility of information would lead to strong performance from the employees and creating strong corporate culture Meaghan et al. (2002). There-fore; information accessibility would make employees feel that they are appreciated for their effort and chances of leaving the organization are minimal.

Workforce optimization, the organization's success in optimizing the performance of the employees by establishing essential processes for getting work done, provi-ding good working conditions, establishing accountability and making good hiring choices would retain employees in their organization. The importance of gaining better understanding of the factors related to recruitment, motivation and retention of employees is further underscored by rising personnel costs and high rates of employee turnover (Badawy, 1988; Basta and Johnson, 1989; Gar-den, 1989; Parden, 1981; Sherman, 1986). With increased competitiveness on globalizations, managers in many organizations are experiencing greater pressure from top management to

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improve recruitment, selection, training, and retention of good employees and in the long run would encourage employees to stay in organizations.

Job involvement describes an individual's ego involvement with work and indicates the extent to which an individual identifies psychologically with his/her job (Kanungo, 1982). Involvement in terms of internalizing values about the goodness or the importance of work made employees not to quit their jobs and these involvements are related to task characteristics.

Workers who have a greater variety of tasks tend stay in the job. Task characteristics have been found to be potential determinants of turnover among employees (Couger, 1988; Couger and Kawasaki, 1980; Garden, 1989; Goldstein and Rockart, 1984).

These include the five core job characteristics identified by Hackman and Oldham (1975, 1980): skill variety, which refers to the opportunity to utilize a variety of valued skills and talents on the job; task identity, or the extent to which a job requires completion of a whole and identifiable piece of work - that is, doing a job from beginning to end, with visible results; task significance, which reflects the extent to which the job has a substantial imp-act on the lives or work of other people, whether within or outside the organization; job autonomy, or the extent to which the job provides freedom, independence, and discretion in scheduling work and determining procedures that the job provides; and job feedback, which refers to the extent to which the job provides information about the effectiveness of one's performance (Tor et al., 1997).

Involvement would influence job satisfaction and increase organizational commitment of the employees. Employees who are more involved in their jobs are more satisfied with their jobs and more committed to their organization (Blau and Boal, 1989; Brooke and Price, 1989; Brooke et al., 1988; Kanungo, 1982). Job involvement has also been found to be negatively related to turnover intentions (Blat and Boal, 1989).

Job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude towards the organization, thus having a direct influence on employee turnover intentions. Job satisfaction, job involvement and organizational

commitment are considered to be related but distinguishable attitudes (Brooke and Price, 1989).

Satisfaction represents an effective response to specific aspects of the job or career and denotes the pleasurable or positive emotional state resulting from an appraisal of one's job or career (Locke, 1976; Porter et al., 1974; Williams and Hazer, 1986).

Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. Job involvement represents the extent to which employees are absorbed in or preoccupied with their jobs and the extent to which an individual identifies with his/her job (Brooke et al., 1988).The degree of commitment and loyalty can be achieved if management they enrich the jobs, empower and compensate employees properly.

Empowerment of employees could help to enhance the continuity of employees in organizations. Empowered employees where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinates (Malone, 1997).

Managers act like coaches and help employees solve problems. Employ-ees, he concludes, have increased responsibility. Superiors empowering subordinates by delegating responsibilities to them leads to subordinates who are more satisfied with their leaders and consider them to be fair and in turn to perform up to the superior's expectations (Keller and Dansereau, 1995). All these makes employees to be minimal.

### Empirical Literature Review

Mboya Deogratius (2009) research on investigation of the impact of labor turnover in Public organizations, in his case study research design, sampled 250 respondents in Ilala Municipal. He concluded that differences in payment of salaries and provision of fringe benefits forced those who are lowly paid to seek for greener pastures in other organizations, also lack of working facilities and equipment leads to turnover, for example, lack of teaching and learning facilities in school forced teachers to seek for alternative jobs. He recommended that work environment in all municipals sections

should be improved and also improved management styles in all sections, training on better management practice should be done to management staffs.

A study done by Koh and Goh's (1995) in Singapore on "The effects of various types of job satisfaction on turnover intention", classified job satisfaction into eight categories namely: supervision, company identity, kind of work, amount of work, physical working conditions, co-workers, financial reward, and career future. Their findings based on the job satisfaction and organization commitment.

Meudell and Rodham(1988) have revealed that extrinsic factors like competitive salary, job security, interpersonal relations and conducive environment were cited by employees as key motivational variables that influenced their retention in the organizations. The desire for money, fame, and attention or the wish to avoid punishment is every individual wish and behavior is skewed towards this direction.

Prior studies (Kinnear & Sutherland, 2001; Maertz & Griffeth, 2004; Meudell & Rodham, 1998;) have revealed that factors such as competitive salary, use of bonuses & other benefits as well as job security were reported by employees as key motivational variables that influenced their retention in the organizations

Research done by Joe Gideon on Labor Turnover in Tanzania Prisons Service; the sample size were 100 respondents and it was a case design research. His findings show that inadequate salary and low income of graduates in the Tanzania Prisons 24 Service, prevails a significant magnitude. He also pinpointed out the existing prison scheme of services and salary in relation to ranks and not level of education, does not suit the labor market competition for graduates. He recommended further research on factor behind voluntary labor turnover for non-graduates for Tanzania Prions Services, An assessment of the impact of labor turnover in the Tanzania economy, Graduates mobility within the labor market and reasons for this mobility.

## 2.4 Conceptual Framework

| Relation between manager and employees | Salary Satisfactions | Training and development | Satisfied with working condition | Lack of appreciated |
|---|---|---|---|---|

**Employee Turnover**

**Organization Performance**
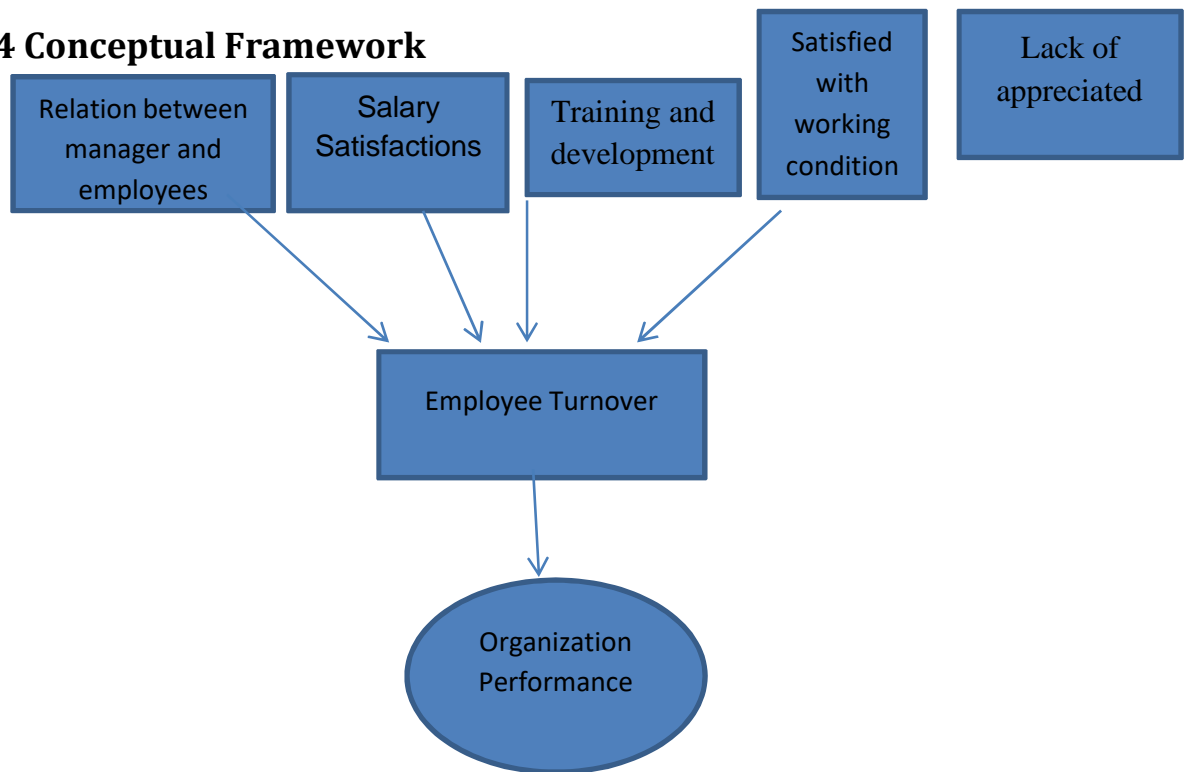
**Variables of the Framework**

**(i.)** Relation between manager and employees are one factors of employes turnover intention.The existence of good relationship between employees with each other and managers in the organization and it need to retain employees in organization

**(ii.)** Salary satisfaction also one factors for employe turnover intention. Employee compensation and retention is directly related to employee satisfaction. It use to attract and retain and motivate employees in the organization

**(iii.)** Training and development are cause of employe turnover intention .Training help staff to become more competent and to enjoy their work even better.

# Chapter 3

## Research Methodology

### Introduction

This chapter discusses the methodology and procedures to be used in this study. It also explains the research design, methods of data collection, analysis and presentation.

### Research Approach

The methodology employed for this research is a mixed type. Both quantitative and qualitative analysis has been used. According to Creswell (2011), the mixed research approach uses separate quantitative and qualitative methods as a means to offset the weaknesses inherent within one method with the strengths of the other method.

### Research Design

The study was adopt descriptive research design by using both qualitative and quantitative to obtain the desired results of the company and to explore detailed description about employee turnover and intention to leave in AAIC. In the course of analyzing the problems, both primary and secondary data collection procedures were employ. To achieve this goal, questionnaires, interviews and document reviews were going to be the main tools **Descriptive Research** sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists.

### Target population

The target population is the group of individuals that the intervention intends to conduct research in and draw conclusions from. The target population is employees of AAIC who are working in AAIC in branch management position , officers and clerk as the study focus is towards this group

### sampling technique and sample size

The targeted population was the employees AAIC which consisted a sample size of 100 employees from 112 total population of employee,12 of employees can not participate by different reson.

### Source of data and types of data

Data is facts or figures from which conclusions can be drawn. Before one can present and interpret information, there has to be a process of gathering and sorting data. Just as trees are the raw material from which paper is produced, so too, can data be viewed as the raw material from which information is obtained. Data as a general concept refers to the fact that some existing information or knowledge is represented or coded in some form suitable for better usage or processing. Data is collected and analyzed; data only becomes information suitable for making decision in some fashion. Gathering data can be accomplished through a primary source (researcher is the first person to obtain the data) or a secondary source (the researcher obtains the data that has already been collected by other sources, such as data disseminated in a scientific journal) (Mesly, 2015).

### Data collection method

This research was use both primary and secondary data but the main source of data for this study is .primary data generated through the use of self-administered questionnaires. In addition unstructured interview and meeting with the Human resources officials of AAICs also been an additional source of primary data. Secondary data has also been generated through the review of employee's annual reports of AAIC and human resources policies and procedures,gide book.

### Method of Data analysis

Data analysis is the process of collecting, modeling, and analyzing data to extract insights that support decision-making. There are several methods and techniques to perform analysis depending on the industry and the aim of the analysis. All these various methods

for data analysis are largely based on two core areas: quantitative methods and qualitative methods in research.

The method employed for data analysis in this research is mainly descriptive. Frequency tables, mean and percentage correlation were used to explain some of the factors. The results are summarized and presented using tables. Qualitative interpretation has been employed to utilize information gathered through the interview and meetings. Consistency and completeness of the gathered information was check before analysis was carried out.

# CHAPTER FOUR

# ANALYSIS OF THE DATA AND DISCUSSIONS OF THE FINDINGS

## Introduction

In chapter four the analysis and discussion of the findings are presented. The analysis and discussion is based on the responses from research questionnaires, interview questions and secondary data information .The main objective of this study is asses or investigate the Causes of Employees Turnover and Intention to Leave in Addis Ababa Investment Commission and finally recommend strategies that can be used to reduce the high level of employee Turnover in AAIC Limited and this was according to the research objectives.

## Analysis of Demographic Data

### Age of respondent

| Table 1: age of respondent | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 18-25 years | 10 | 10.0 | 10.0 | 10.0 |
| | 26-35 years | 30 | 30.0 | 30.0 | 40.0 |
| | 36-45 years | 28 | 28.0 | 28.0 | 68.0 |
| | 46-55 years | 12 | 12.0 | 12.0 | 80.0 |
| | 56 and above | 20 | 20.0 | 20.0 | 100.0 |
| | **Total** | 100 | 100.0 | 100.0 | |

Source: Analyzed Data, 2022

As shown in the above Table 4.1 a total of 10% of the respondents who participated in this study were between the ages 18-25 years old, while 30% of respondents were between the ages 26-35 years old. A total of 28% were respondents between the ages 36-

45 years old. Only 12% of respondents were between the ages 46-55 years old and the remaining 20% of respondents were between ages 56 and above.

**Gender of respondent**

**Table 2: gender of respondent**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Female | 46 | 46.0 | 46.0 | 46.0 |
|  | Male | 54 | 54.0 | 54.0 | 100.0 |
|  | **Total** | 100 | 100.0 | 100.0 |  |

Source: Analyzed Data, 2022

As shown in the above Table 4.2 the gender of respondents. A total of 54% of respondents participated in this study were male employees and 46% of respondents were female employees

**years of experiences of respondent**

**Table 3: years of experience of respondent**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1-5 | 52 | 52.0 | 52.0 | 52.0 |
|  | 6-10 | 18 | 18.0 | 18.0 | 70.0 |
|  | 11-15 | 14 | 14.0 | 14.0 | 84.0 |
|  | 16-20 | 10 | 10.0 | 10.0 | 94.0 |
|  | 21 and above | 6 | 6.0 | 6.0 | 100.0 |
|  | **Total** | 100 | 100.0 | 100.0 |  |

Source: Analyzed Data, 2022

As shown in the above Table 4.3. A total of 52% of the respondents participated in

This study were between 1-5 years of experience, while 18% of the respondents were

Between 6-10 years of experience. A total of 14% of the respondents were between 11-15 years of experience. While, 10% of the respondents were between 16-20 years of experience and the remaining 6% of the respondents were 21 years and above

### Education level
**Table 4: education level**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Diploma/level III/IV | 24 | 24.0 | 24.0 | 24.0 |
| | Bachelor | 52 | 52.0 | 52.0 | 76.0 |
| | Masters and above | 24 | 24.0 | 24.0 | 100.0 |
| | **Total** | 100 | 100.0 | 100.0 | |

Source: Analyzed Data, 2022

As shown in the above Table 4.4 educational status of respondent are 24 % of respondent have at diploma level while first degree holder and above are52% and 24% respectively.

### : Job category
**Table 5: job category**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | branch management | 28 | 28.0 | 28.0 | 28.0 |
| | Officers | 58 | 58.0 | 58.0 | 86.0 |
| | Clerical | 14 | 14.0 | 14.0 | 100.0 |
| | **Total** | 100 | 100.0 | 100.0 | |

Source: Analyzed Data, 2022

As shown in the above Table 4.5 job category. Out to the respondents 28% are in branch management while 58%are in the officer position. The remaining 14% occupy the clerk position.

## Descriptive statics for the study variable

### descriptive ststics for the causes of employee turnover intention

| Statements | strongly agree | Agree | Neutral | Disagree | strongly disagree | Total | Mean | SD |
|---|---|---|---|---|---|---|---|---|
| Good Relation between manager and employees | 14 | 60 | 14 | 10 | 2 | 100 | 3.4 | 3.37 |
| Salary Satisfactions | 6 | 52 | 22 | 12 | 8 | 100 | 3.36 | 3 |
| Not Satisfied with working conditions | 14 | 44 | 22 | 14 | 6 | 100 | 3.46 | 3.11 |
| Opportunity to Work independently | 12 | 46 | 18 | 10 | 14 | 100 | 3.32 | 3.03 |
| Lack of Training and development opportunites | 6 | 38 | 20 | 28 | 8 | 100 | 3.06 | 2.74 |
| Lack of appreciated | 14 | 46 | 20 | 12 | 8 | 100 | 3.46 | 3.12 |
| Work challenging | 6 | 56 | 20 | 10 | 8 | 100 | 3.42 | 3.05 |

As shown in the above Table Relation between manager and employees The large majority 74% (14%+60%) of the surveyed employees feel there is a good communication between their supervisors, while 14% of the respondents were neutral, only 12%(10%+2%) of employees feel there is no a good communication between their supervisors. This indicates that there is a positive relationship between supervisors and employees.

Many employees cite management as their reason for leaving. This can be attributed to over managing people, managers not being fair or playing favorites, lack of or poor communication by managers, and unrealistic expectations of managers (Portolese, 2012, p235)

Above table illustrates that a total of 6% of respondents strongly agree and 52% of the respondents agreed that they were satisfied with the salary they get in the organization, while 22% of the respondents were neutral,12% of respondents disagree that they were satisfied with the salary ,The remaining 8% of respondents strongly Disagreed . This indicates that majority of employees satisfied by salary payment.

According to Nel, et al.  (2004), the classical objectives of any compensation system are to attract, retain and motivate employees in the organization. Grobler, et al.(2002), state that the main objective of compensation system is to attract and retain high quality staff than that of the competitors. In order to be able to retain staff, the rewards that the staff members get from their compensation must be satisfactory.

He also state that compensation refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment package. Employee compensation and retention is directly related to employee satisfaction. In good times and bad, employees have a basic need to work where they feel their efforts, expertise and input are appreciated. If employees are not satisfied by what they are paid then they normally leave to seek greener pastures (Nel, et al., 2004).

As shown in the above Table job satisfaction. Out to the respondents 14 % are strongly agree by not Satisfied with working conditions, 44% of the respondents agreed that they were not satisfied with working conditions in the organization, while 22% of the respondents were neutral. 14% of respondents disagree that they were not satisfied with the working condition, the remaining 6% of respondents strongly Disagreed. This indicates that majority of employees not satisfied with working condition.

Working conditions include the organization of the work such as: working hours, work schedules, work shifts, overtime, daily and weekly rest periods, emergency work, weekend work and holidays to mention just a few (Nel, et al., 2004).

According to Crow and Hartman (2007), job satisfaction and conditions of work has revealed the need for balance in work schedules to ensure that employees have adequate time for both work and private life in a concept known as work life balance.

As shown in the above Table that a total of 12% of the respondents strongly agreed and 46% of respondents agreed that there was opportunity to work independently, and 18% of the respondents were neutral, while 36% (10%+14%) of the respondents disagreed. This indicates that there was opportunity to work independently.

As shown in the above Table that a total of 6% of the respondents strongly agreed and 38% of respondents agreed that *there was no opportunity for training and development, and 20% of the respondents were neutral while 36% (28%+8%) of the respondents disagreed. This indicates that there is lack of opportunity of training and development of employees

Ichniowski,2004). In a study by Nel, et al. (2004), more than 40 percent of the respondents said they would consider leaving their present employer for another job with the same benefits if that job provided better career development and greater challenges.

He also state another tool for staff retention is staff training. Training may help staff to become more competent and to enjoy their work even better. By providing staff with

Training and development they are more likely to be keen to take on greater responsibilities more suited to promotion or career progression.

As shown in the above Table that a total of 60%(14%+46%) of the respondents agreed that the employee's input was not appreciated in the organization, while 20% of the respondents were neutral and the remaining 20% (12% +18%) of the respondents disagreed. This indicates that employee's input was not appreciated in the organization.

Gardner (2009), people have a basic human need to feel appreciated and proud of their work. Recognition and incentive programs help to meet these needs. A successful reward and recognition programs does not have to be complicated or expensive to be effective.

As shown in the above Table that a total of 62% of respondent agree while 20% of respondent do not give idea the remaining 18% of respondent disagreed. This implies even though health professionals" works were generally have challenges, their works are interesting for more of them.

Above illustrates that a total of 62% of respondents agreed that high turnover increases work load for each employee, while 24% of the respondents were neutral. The remaining 14% of respondents disagreed that high turnover increases workload.

Shortage of staff in an organization at any given time implies that the quality and quantity of service is most likely to be different if compared to the time when an organization has all the staff it needs to meet its strategic objectives, Russell and Bvuma (2001), according to Tyani (2001) states that high staff turnover places unnecessary pressure on staff that are at work.

Table illustrates that a total of 56% of the respondents agreed that poor service provided results in loss of customers, while 26% of the respondents were neutral. The remaining 18% of the respondents disagreed.

Locke (2009) states that a programme to measure customer satisfaction should be a permanent ongoing process that satisfies what customer's want.one of the reasons for consumer frustration is waiting for efficient service

The above table shows that a total of 48% of the respondents agreed that staff turnover causes employees not to meet their deadlines, while 28% of the respondents were neutral. The remaining 24% of the respondents disagreed.

Employees were not meeting deadlines because there was a lack of manpower due to staff turnover. There might be delay in terms of response while waiting for the replacement staff to arrive. Again there might be some delays while assigning and

The above demonstrates that a total of 74% of the respondents agreed that high staff turnover causes too much wastage of resources when new staff settles in, while 16% of the respondents were neutral. The remaining 10% of the respondents disagreed.
New employees cause a great deal of wastage. Moreover, organizations experience wasted time owing to inexperienced replacement staff. Management and other staff spend valuable time not doing their job but trying to train and orientate the replacement staff, Johnson and Redmond (2006) f. Kreitner and Kinicki (2007) state that if an employee is not familiar with the organization, errors may occur while learning to use equipment.

Table also demonstrates that a total of 62% of the respondents agreed that high Staff turnover causes reduction in the quality of product produced, while 22% of the Participants were neutral. The remaining 16% of the respondents disagreed.

It is a straight forward case that dissatisfied employees cannot give their best performance as their mind is on the things that make them dissatisfied and they feel their effort is not appreciated. Such employees produce not only poor quality work but also less amount of work to the detriment of the organization and clients (Allen, et al., 2007). According to Taylor (2007), the quality of service in the organization decreases as a result of staff shortage, customer's evaluation of service quality is affected not only by the end service received, but also by the service delivery process itself, which includes waiting time.

Table illustration shows that a total of 66% of the respondents agreed that high staff turnover causes reduction in work productivity, while 18% of the respondents were neutral. The remaining 16% of the respondents disagreed.

(Neves, 2009) state that a decline in the standard of service provided to customers could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organization ,Ensuring the good employee stays with the organization will help them compete effectively within an industry. According to McConnell (2004), companies having an investment perspective of human resource management view training as an opportunity to increase long-term productivity.

# Employee retention strategies at AAIC

According to primary and secondary data the following are the recommended

Strategies that can be used to reduce the high level of employee turnover in AAIC

## Relation between employee's and manager must be improved

**Relation between employee's and manager must be improved**

| Relation between employee's and manager must be improved | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Agree | 14 | 14.0 | 14.0 | 14.0 |
| | Agree | 44 | 44.0 | 44.0 | 58.0 |
| | Neutral | 28 | 28.0 | 28.0 | 86.0 |
| | Disagree | 8 | 8.0 | 8.0 | 94.0 |
| | strongly disagree | 6 | 6.0 | 6.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

*Source: SPSS Output*

Table above illustration shows that a total of 58% of respondents agreed that Relation between employee's and manager must be improved while 28% of respondents were neutral. The remaining 14% of respondents disagreed that Relation between employees and manager must be improved.

Sometimes workers absent themselves just to avoid being in contact with a particular individual because they are angry at each other or fearful of each other Smit and de Cronje (2003). Dalton and Mesch (2001) state that unhealthy competition and lack of team spirit among the employees themselves may cause lowered group cohesiveness leading to staff turnover.

## Employee's salary must be Paid Well

**Table 6: Employees salary must be Paid Well**

| Employees salary must be Paid Well | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Agree | 12 | 12.0 | 12.0 | 12.0 |
| | Agree | 42 | 42.0 | 42.0 | 54.0 |
| | Neutral | 22 | 22.0 | 22.0 | 76.0 |
| | Disagree | 14 | 14.0 | 14.0 | 90.0 |
| | strongly disagree | 10 | 10.0 | 10.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

*Source: SPSS Output*

Table above illustration shows a total of 54% of respondents agreed that employees must be paid well, while 22% of respondents were neutral. The remaining 24% of respondents disagreed

Pay is not the only reason for satisfaction or dissatisfaction, it should be noted that employees' perception of the level of reward they receive in return for their Contribution is extremely important to the success of the organization, Herzberg, et al. (2002).

## Employees encourage on Goal Achievement

**Table 7: Employees must be encouraged on Goal Achievement**

| Employees must be encouraged on Goal Achievement | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Agree | 8 | 8.0 | 8.0 | 8.0 |
| | Agree | 44 | 44.0 | 44.0 | 52.0 |
| | Neutral | 28 | 28.0 | 28.0 | 80.0 |
| | Disagree | 12 | 12.0 | 12.0 | 92.0 |
| | strongly disagree | 8 | 8.0 | 8.0 | 100.0 |
| | Total | 100 | 100.0 | 100.0 | |

*Source: SPSS Output*

Table above illustrates that a total of 52% of respondents agreed that employees must be encouraged when they achieve goals, while 28% of respondents were neutral. The remaining 20% of respondents disagreed that employees must be encouraged when they achieve their goals.

Employees after achieving their goals, employees like to be encouraged by the organization. Encourage can be in the form of praising an employee or can be placed on a notice board in the organization as employee of the month ,Smit and de Cronje (2003). According to (Luthans, 2002) State that encouraged employees to feel that they are the part of the organization at large.

## Interview Findings

During the course of data collection, the researcher noted that, the impact of turnover had received considerable attention by senior management. In short, turnover proved to be one of the most costly human resource challenges in the organization. The main research objective was to find out the causes and impact of employee turnover at AAIC. Based on the findings, several factors were attributed to the phenomenon; it included salary scale, job satisfaction, lack of recognition, and poor working condition and impact on staff turnover and organizational effectiveness: Increased customer complaints about the service; the quality of service is decreasing because of staff shortage, the replacement staff may be unfamiliar with the unit and task or duties to be performed; therefore inefficiency and errors may result.

Salary scale is the most common cause of employee turnover proved by respondents. Employees are in search of jobs which pay well. If the companies in which they work do not pay well, they tend to hunt for jobs that pay them considerably well. It was found that, the most common reason for leaving is the availability of higher paying jobs. It was discovered that an employee could leave the current job for the increase of salary between 5% and 10%. It was explained by one of the respondents that 'in a better economy the availability of alternative jobs plays a role in employee turnover'.

The study discovered that human resource management, which determined that opportunity or lack of career development, is one of the top reasons cited by employees who voluntary leave an organization for another.

Employees not satisfied with working condition, provide by respondents. such as: working hours, work schedules, work shifts, daily and weekly rest periods,
job satisfaction and conditions of work has revealed the need for balance in work schedules to ensure that employees have adequate time for both work and private life in a concept known as work life balance(explain by one respondent)
The study was also discovered employee's input was not appreciated in the organization.
People have a basic human when to feel appreciated and proud of their work.
Recognition and incentive programs help to meet these needs. A successful reward and recognition programs does not have to be complicated or expensive to be effective

# CHAPTER FIVE

# SUMMERY, CONCLUSION AND RECOMMENDATIONS

## Introduction

In this chapter, summary of the study findings, conclusions, and recommendations are presented .The main objective of the study was to assess the impact of employee turnover on organization performance in AAIC .The study was conducted through secondary literature review and data were collected and analyzed. Investigate the causes and effect of staff turnover in AAIC and finally recommends strategies that can be used to reduce the high level of employee Turnover in AAIC.

## Summary of Findings

➢ The findings indicate that the existence of good relationship between employees with each other and managers in the organization and it need to retain employees in organization

➢ The finding indicates that majority of employees satisfied by salary payment. Employee compensation and retention is directly related to employee satisfaction. It use to attract and retain and motivate employees in the organization

➢ Majority of respondent not satisfied with working condition which also one reason for turnover

➢ The result implies that there was opportunity to work independently in the organization.

➢ The result shows that there is lack of opportunity of training and development of employees in the organization .Training may help staff to become more competent and to enjoy their work even better.

➢ The finding indicates that employee's input was not appreciated in the organization. employees need to feel appreciated and proud of their work.

➢ The finding indicate that there is work challenge in the organization This implies even though health professionals" works were generally have challenges, their works are interesting for more of them.

- The finding indicates that high turnover increases work load for each employee or high staff turnover places unnecessary pressure on staff that are at work.
- The finding indicates that high turnover increase poor service provided results in loss of customers

- The finding indicates that Employees turnover were not meeting deadlines because there was a lack of manpower due to staff turnover. There might be delay in terms of response while waiting for the replacement staff to arrive
- The result show that high staff turnover causes too much wastage of resources when new staff settles in the organization.
- The result show that high Staff turnover causes reduction in the quality of product produced or the quality of service in the organization decreases as a result of staff shortage,
- high staff turnover causes reduction in work productivity or service provision

## Conclusion

The major objective of the research was to assess the impact of employee turnover on organization performance in AAIC. Based on the data obtained from the analysis, the study has generalized the following points:

Staff turnover may be caused by lack of existence of good relationship between employees with each other and managers in the organization, absence of adequate payment, working condition is another cause of staff turnover, lack of opportunities for training and development, employee input was not appreciated in the organization also cause of employ turnover and lack of work challenge in the organization are cause of staff turnover

If turnover not taken into consideration will damage the image of the organization, where customers will lose trust in the organization. Moreover, productivity of the organization will also decrease, while employees will be demotivated to work for a company with high staff turnover rate, wastage of resources occurs in the organization.

Well-paying employees a market related salary may help management in retaining employees, the organization's success in optimizing the performance of the employees by establishing essential processes for getting work done or providing good working conditions, Involvement would influence job satisfaction and increase organizational commitment of the employees. Employees who are more involved in their jobs are more satisfied with their jobs and more committed to their organization, formal training programmers should be used as effective way of directly transferring the organizational goal and value to whole group of people stimultaneously.it help builds employee loyalty increase productivity and organization task to encourage and nourish these positive employee inputs by putting effective reward practices in place thus concludes that reward and recognition discourage employee turnover in AAIC .this all about is important strategy to decrease turnover .

### Recommendations

➢ Management should improve working conditions within the organization. The working environment should be conducive for employee's health and safety in the department. To motivate the workforce, it is important to ensure a hazard free and safe environment which also enhances efficiency and productivity. If employees not satisfied by working condition may lose interest in the work and might leave the organization

➢ Management should create opportunities for training advancement in the Organization. Creation of opportunities for career advancement may use staff to become more competent and to enjoy their work even better and employ turnover decrease.

➢ Management should also appreciate employee's input in the organization
When they meet organizational goals.

➢ Management should involve employees in the decision making process and any issue that will affect them in the organization. Employee involvement may be through meeting with their representatives.

- ➢ Management should reduce work boredom to employees by revisiting employee's job description in order to add some challenge job tasks on the employee's job description.
- ➢ Management should give due recognition to its internal employees when there are new positions within the organization.
- ➢ Management should develop employee assistance programs in the organization to assist employees with problems to eliminate absenteeism or staff turnover.

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**St Mary's University School of Graduate Studies**

**MBA Program**

Dear Respondent

The following is the questionnaire intending to collect data basing on the following topic: Assessment of Employees Turnover Intention to Leave in Addis Ababa Investment Commission. Which will be used as an input for a thesis in partial fulfillment of Executive MBA. Your genuine response is highly required as it is solely used for academic purpose and will be strictly confidential. Therefore, your kind cooperation is appreciated in advance. You are requested to assist in responding questions as you know them.

I anticipate my gratitude to your assistance

**Part I: Personal Information**

1. Please tick one of the correct answers

2. Answer all questions.

1. Age

|     | Years        |     |
| --- | ------------ | --- |
| 1.1 | 18-25        |     |
| 1.2 | 26-35        |     |
| 1.3 | 36-45        |     |
| 1.4 | 46-55        |     |
| 1.5 | 56 and above |     |

| | Gender | |
|---|---|---|
| 1 | Male | |
| 2 | Female | |

## 3. Length of service

| | Years | |
|---|---|---|
| 1 | 1-5 years | |
| 2 | 6-10 years | |
| 3 | 11-15 years | |
| 4 | 16-20 years | |
| 5 | 21 and above | |

## 4. Education level

| | Education level | |
|---|---|---|
| 1 | Diploma/level III/IV | |
| 2 | Bachelor | |
| 3 | Masters and above | |

## 5. Job Category

| | Job Category | |
|---|---|---|
| 1 | Branch management team | |
| 2 | Officer | |
| 3 | Clerk | |

**Part II: question Turnover Intention related issue .put (√) in the place where the choice is appropriate for you.**

| No | Regarding causes of employee turnover | Strongly agree | Agree | Neither agree nor disagree | Disagree | Strongly disagree |
|----|---------------------------------------|----------------|-------|----------------------------|----------|-------------------|
| 1 | In my organization there is good relationship between manager and employees | | | | | |
| 2 | I'm satisfied with the salary I'm getting in my organization | | | | | |
| 3 | I'm not satisfied with working conditions | | | | | |
| 4 | My job gives me the opportunity to work independently | | | | | |
| 5 | There is a lack of employee training programs | | | | | |
| 6 | My input is not appreciated | | | | | |
| 7 | I find my work challenging | | | | | |
| | **regarding impact of employee turnover** | | | | | |
| 8 | High turnover cause increase work load for each employees | | | | | |
| 9 | High staff turnover cause in loss of customers. | | | | | |
| 10 | High staff turnover cause employee not to meet their deadlines. | | | | | |
| 11 | High staff turnover causes too much wastage of resources when new | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | staff settles in | | | | | |
| 12 | High staff turnover causes reduction in the quality of product produced. | | | | | |
| 13 | High staff turnover causes reduction in work productivity | | | | | |
| | **Regarding ways that can be used to reduce staff turnover.** | | | | | |
| 14 | Relationship between employees and management must be improved. | | | | | |
| 15 | Employee salary must be paid well (reasonable salary). | | | | | |
| 16 | Employees must be encouraged when they achieve goals. | | | | | |

**St Mary's University School of Graduate Studies**

**MBA Program**

Dear Respondent

The following are the interview questions to be asked intending to collect data basing on the Assessment of Employees Turnover Intention to Leave in Addis Ababa Investment Commission. You are requested to assist in responding questions as you know them. The information obtained in this interview session will be confidential, and only for research purposes. I anticipate my gratitude to your assistance

1.  What inspired you to join this organization?
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2.  Do you think of leaving your current employer? If yes, why?
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4.  What makes you continue working with this organization?
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5. How do you think employee turnover has affected the organization?

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6. What measure does the management take to reduce the level of turnover in this organization?

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**Thank you in Advance for your Cooperation**