



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

**CAUSES AND CONSEQUENCES OF EMPLOYEE TURNOVER
INTENSIONS: THE CASE OF ETHIOPIAN ROAD ADMINISTRATION**

BY
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DECLARATION

I, the undersigned, declare that this thesis is my original work. All sources of materials used for the thesis have been acknowledged, I further confirm that the thesis has not been submitted either part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature & date

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Figure 1 Conceptual Framework

LIST OF ACRONYMS

ERA - Ethiopia Road Administration

HR - Human Resource

HRM - Human Resource Management

FR - Frequency

ABSTRACT

The primary objective of this research was to investigate the cause and consequences of employee turnover: the case of Ethiopian Road Administration. Descriptive research designs were used in this research. To choose the sample, a stratified random sampling approach was utilized. The research is mixed (both quantitative and qualitative), and data from employees were gathered using questionnaires with three parts that included both close- end and open-end questions. SPSS Statistics version 27 was used to process the questionnaire- collected data. The researcher has found out that in ERA's employees tend to seek better job, salary and benefit in other firms and as a response of most employees' repetitive work is quite exhausting and boring which will increase the level of job dissatisfaction and the level of turnover. For firms, employee turnover is an expensive issue. It may result in lower production, more hiring and training expenses, and a drop in the morale of the remaining workforce. Employee turnover is brought on by a variety of factors, including as inadequate management, a dearth of prospects for promotion, and a poor work-life balance. As a result, the researcher strongly suggests that the HR division pay close attention to turnover and concentrate on employee's retention tactics.

Key Words- Employee Turnover, Job dissatisfaction and salary and benefit

CHAPTER ONE INTRODUCTION

Employee turnover intentions are found in every organization. The introductory part of this research will be the main topic in this chapter. Here you will find the statement of the problem that the researcher will address, the objective of the study and the research questions which has been used as a guide in this research paper

1.1 Background of the study

Knowledge and human capital will become increasingly important to all enterprises worldwide as the world transitions further toward a knowledge-based economy that heavily relies on information, and the workforce of every firm represents its workers (Borthwick, 2011). Every employee in a company is therefore expected to continue provide valuable service to the company and to work there until retirement. Although this is untrue in practice, it exposes us to the idea of staff turnover.

Employee turnover and turnover in general are frequently used interchangeably (Hedwiga, 2011). Employee migration, quits, and departures are a few additional names that have been used synonymously with employee turnover (Morrell, John, & Adrian, 2004).

Any corporate organization's ability to succeed depends on its staff, technology, and resources. Employees, among these business resources, are the most crucial and vital to the success or failure of any organization that contributes significantly to the business (Akindele, 2007). As a result, it is essential to retain a sufficient number of the right kind of employees who serve the company's clients and possess the required education, experience, and credentials. However, employee turnover is an organization's issue. A dysfunctional workplace culture and high turnover rates might be indicators of corporate mismanagement. Yet, turnover varies per industry as well. For instance, the hospitality industry tends to have high turnover rates in part because of low barriers to entry, abundance of jobs, and ease of switching companies. (Angela, 2022)

According to Fair (1992), there are additional costs associated with labor turnover, including separation, search, selection, and hiring costs as well as moving expenses, uniform costs, and lost productivity costs related to the open position and the new hire's learning curve. Employee turnover is a common organizational problem that has an impact on organizational productivity, employee effectiveness, and turnover rates (IliutaDobre, 2013). Regarding this, it is generally

accepted that there is a negative correlation between rising turnover rates and organizational performance, which is reflected in decreased organizational effectiveness and decreased competitiveness (Asamoah, 2014)

In connection with this, Nassazi (2013) and Cudjor (2015) added that the consequences on innovation, consistency in serving consumers, and prompt service delivery to customers may all suffer when a firm loses a crucial person. It is necessary to motivate personnel to stay with the company and boost production over the minimum acceptable level while utilizing limited resources (ILO, 1961). The turnover means that an organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge is a threat for the organization which increases the significance of knowledge continuity. There is dire need to encourage employees to remain in the organizations and to increase productivity beyond that which is at a minimum accepted standard using scarce resources (Kimathi, 2000). Consequently, one key justification for spending a lot of money on personnel is to increase their capabilities. This is in line with the findings of Dwomoh & Korankye (2012), who found that most employees were unable to match their talents to the requirements of the job.

In the same way, employee turnover is an ongoing problem in businesses of all sizes and across all industry sectors, particularly in emerging nations like Ethiopia. It is a significant problem in Ethiopia's human resources management sector (Abbasi, Hollman, & Hayes, 2008). Employee turnover has a negative impact on an organization's production and performance since the business loses competent labor and is compelled to incur additional costs to hire replacements (Huselid, 1995; Hamermesh, 2001; Bittel & Newstrom, 2002).

The majority of research studies have focused on creating a comprehensive list of employee turnover predictors and antecedents and testing employee turnover theories in Western cultural work contexts, but little has been done on emerging nations like Ethiopia. This is a significant academic and research void in the literature, necessitating additional focus and a more substantial research contribution in the case of ERA. There is little research on the situation of employee retention and turnover in ERA today. To fill in the gaps in the literature and gain a deeper understanding of how staff turnover affects ERA, a comprehensive study will be required.

1.2 Statement of the problem

Employee turnover has become a significant issue in the business world nowadays since it depletes an organization's limited financial and human resources. A corporation's efficiency may suffer if

skilled individuals frequently quit the company (Armstrong, 2009). Due to high turnover, businesses are having trouble keeping hold of talented, knowledgeable, and well-trained personnel today (Abdullah, 2017). Thus, the high costs/expenditure required on hiring new employees to fill the workforce vacuum generated by departing employees has challenged the effectiveness of many firms (Premeaux 2000). This research focuses on the impact of staff turnover on organizational effectiveness and performance in the case of ERA. Employee turnover, or the rate at which employees leave an organization and are replaced by new hires, can have significant impacts on an organization's performance. A literature review of the effect of employee turnover on organization performance suggests that high turnover rates can lead to negative outcomes such as decreased productivity, increased costs, and reduced customer satisfaction.

Maxwell (2010) added that because of turnover, an organization loses its most seasoned and skilled employees, in whom it had invested heavily in training on a variety of job-related tasks.

Additionally, it must spend a significant amount of time and money on training newly hired employees so that they can successfully adapt to the organization's working environment and exhibit the necessary knowledge and experience. The impact of staff turnover is not just related to an increase in staff expenses, according to authors like Ployhart (2014), Pollitt 2000, Shore and Martin, 1989, and Ton and Huckman (2008), but also to the company performance.

Although employee turnover intention has received a lot of attention, little is known about the causes of turnover and its effects on the Ethiopian Road Administration's organizational performance. Therefore, this study aims to close this gap by offering research backing and suggestions for more action.

As an illustration, the rate of employee turnover at ERA was relatively high during the course of the last five years, or between the years 2009 and 2014. The researcher was inspired by this circumstance to investigate ERA. Additionally, a lot of research has been done on employee turnover, but less has been done to look at how staff turnover affects an organization. Therefore, the researcher intended in Examining the causes and consequences of Employees Turnover intention: The Case of Ethiopian Road Administration.

1.3 Research Questions

Based on the statement of the problem discussed above and those research objectives, the study has attempted to address the following research questions.

- A. What are the major factors for employee turnover in ERA?
- B. What are causes of employees' turnover on the organization?
- C. What are the possible mitigating strategies of reducing (mitigating) employee turnover in ERA and measures taken by the organization?

1.4 Objective of the study

1.4.1 General objective

The overall objective of this study is intended to examine the effect of employees' turnover on the performance of Ethiopian Road Administration in Addis Ababa.

1.4.2 Specific objective

The specific objective of the study was:

1. To identify the factors for employee turnover in ERA
2. To investigate the cause of employee turnover on Organization
3. To identify possible solutions to ERA to reduce (mitigate) turn over that experiencing currently and retain its employees.

1.5 Significance of Study

In general, the findings of this study may have significant implications for a variety of researchers engaged in research activities, including students who are concerned with the investigation of employee turnover's impact on organization by providing the students with additional information and expertise on the elements influencing employee turnover in organizations. The findings will be of tremendous value to the road management in helping them comprehend the effects of employee turnover and become knowledgeable about the best staff retention tactics for dealing with high staff turnover rates.

In brief:

1. For individuals who deal with the difficulties of employee turnover and procedures and who want to do in-depth research on the same subject, the study will offer some insight and serve as a supplemental source of information.
2. It would help HR track negative labor turnover effects that could have an impact on the efficacy and efficiency of an organization.
3. By utilizing the findings of this study, ERA and various other organizations can lessen the difficulties posed by employee turnover and improve their productivity and level of customer

service.

4. Assist ERA in developing plans to reduce staff turnover.

1.6 Scope of the study

The purpose of this study was to determine the cause and consequences of employee turnover on organizational performance. This paper is delimited by analysis and interpretation of data by taking questionnaire of selected current employees only. The scope of the study is limited or reduced to main office in Addis and Alemgena due to time and cost constraints. The researcher asses employee turnover that is made by employees themselves which is voluntary turnover.

1.7 Limitation of the Study

Regarding the limitation of the study, the researcher encountered the following limitations when she was carrying out the research: According to the period given for this study, there was not enough time to undertake data collection, but the researcher tried to use weekends and other convenient times. To get the employe and also managers for the interview. During the collection of data we could only find the existing employees and not the once that has left the organization.

Place was still another issue, although the researcher tried to contact respondents at times that are convenient for them at work and when they are available. And most targeted managers were moving from one office to another making it harder to collect the data. So, the researcher had to travel to Alemgena to get more responses.

1.8 Organization of the study

The paper comprises Five chapters i.e., it is organized into three chapters each with specific topics and sub-topics. Chapter one is an introduction of the study. This chapter contains background of the study, statement of the problem, research objective, research questions, scope and limitation of the study and also significance of the study; the second Chapter presents an overview of the literature mainly focused on gives concepts, challenges and effects of employee turnover and other important issues of staff turnover. The third chapter focused on Research Design and Methodologies. The fourth chapter discusses data analysis and interpretation. The fifth chapter summarizes the findings, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The chapter covers a variety of turnover principles. It first includes a theoretical assessment of the literature; essentially, a definition of employee turnover that aids in a thorough understanding of the problem, followed by a succinct discussion of the literature on different types of employee turnover and how to measure it. The causes and contributing factors of employee turnover will next be discussed. The costs and effects of staff turnover will then be examined as well. The chapter also covers strategies for lowering employee churn in order to improve an organization's performance. Additionally, it includes a review of the empirical literature and the study's conceptual framework.

2.1 Theoretical Literature review

Employee turnover is the percentage of employees who leave a company during a specified period of time, expressed as a percentage of the total workforce (Jagun, 2015). The phrase is also used to refer to all departing individuals, both voluntarily and involuntary (Armstrong, 2006).

One study found that high employee turnover can lead to a decline in productivity due to the time and resources required to train new hires and the disruption to team dynamics caused by the loss of experienced employees (Morris & Holbrook, 2002). In addition to decreased productivity, high employee turnover can also result in increased costs for an organization. The direct costs of recruiting and training new hires can be significant, and there may also be indirect costs such as lost knowledge and expertise (Mobley, 1982). High turnover rates can also lead to an increase in absenteeism, as new hires may be more likely to call in sick or take time off due to a lack of familiarity with their work and the organization.

High employee turnover can also have negative impacts on customer satisfaction. A study of the service industry found that high turnover rates were negatively related to customer satisfaction, as the loss of experienced employees can lead to a decline in service quality (Grönroos, 1990).

Despite these negative impacts, some research suggests that there may be a positive relationship between employee turnover and organizational performance under certain circumstances. For

example, a study of small businesses found that high employee turnover was associated with increased profitability in firms that had a strong external focus and a flexible organizational structure (Hitt, 2001). This positive relationship may be due to the fact that high turnover rates can be a sign of a dynamic and adaptive organization that is able to quickly respond to changing market conditions (Hitt, 2001).

However, it is important to note that the relationship between employee turnover and organizational performance is complex and may be influenced by a variety of factors specially when considering a large organization like ERA. Additionally, the impact of employee turnover on customer satisfaction may depend on the quality of the customer service provided by the remaining employees (Grönroos, 1990).

Overall, this literature suggests that employee turnover can have both negative and positive impacts on organizational performance, with the specific effects depending on the context and the underlying causes of the turnover. To mitigate the negative impacts of employee turnover, organizations may need to invest in employee retention strategies such as training and development programs, employee engagement initiatives, and competitive compensation and benefits packages.

2.1.1 Definition of Employee turnover

Employee turnover is defined as the rate of change in an organization's working personnel over a specific time period (SHRM 2016). It includes both new hires and departures. As opposed to employees being dismissed under extraordinary circumstances, the word often refers to what is sometimes called voluntary employee turnover (Mattsson & Saraste, 2002). Similar to this, Rossano (1985) defined turnover as the voluntary decision to quit or termination of employment from an organization by a person who received financial compensation from the company, excluding retirement or compelled voluntary withdrawal. According to Abassi (2000), turnover is also defined as the movement of workers throughout the labor market, between businesses, jobs, and occupations, as well as between employment and unemployment.

Additionally, turnover is defined as any departure outside of organizational limits by Clifford (2012). This suggests that there has been an employee-employer separation of some kind. According to Price (1977), "turnover" is the ratio of the average number of persons in an

organization for a certain period divided by the number of organizational members who have left during that same period.

Employee turnover is defined as "a ratio comparison of the number of employees a company needs replace in a specific time period to the average number of total employees" by Deepa and Stella (2012). It refers to the estimation of the number of employees that a company should hire to replace the existing workforce during a specific time period. Employee turnover is generally understood to be the inflow and outflow of people from the organization's workforce over a predetermined period.

2.1.2 Type of employee turnover

There are a few types of employee turnover that are widely recognized. Voluntary and Involuntary Turnover is the first category of employee turnover. Voluntary turnover is the term for when employees quit a company of their own free will (Curran, 2012). This definition states that the employee's decision causes the turnover. It indicates that either the employee made the decision to leave on his or her own, or that employee turnover began at their initiative. Voluntary turnover is defined by Katamba(2011), Ronra&Chaisawat(2009) as the decision of an employee to end or cease their employment with an employer for personal or professional reasons, or because they are dissatisfied with the conditions of their current position and have an alluring alternative job offer from another company. As a result, it is a voluntary phenomenon that denotes a person's voluntarily and irrevocably terminating their membership in an organization. Similar to this, Reiche (2008), Nawaz, Rahman, and Siraji (2009) present that voluntary employee turnover occurs when an employee leaves an employer on purpose for a better job opportunity, existing job discontent, poor working circumstances, or unfavorable supervisor behavior. This suggests that greater job opportunities in other companies, ongoing job discontent owing to various reasons in the current company, such as poor working conditions and unenthusiastic managerial behavior, are the main causes of voluntary turnover (AdugnaTuji, 2013). Dissatisfaction with the job, employer, hours, or working circumstances is one of the reasons why employees quit their jobs. When an employer terminates an employee's employment without the employee's consent, this is known as involuntary turnover. The cause can be an organizational failure or a bad fit between the employee and the company. There are two primary categories of involuntary termination, referred to by Nikunj Patel (2010) as "dismissal" and "layoff" respectively. Layoffs are typically not strictly related to personal performance, but rather

due to economic cycles, the need for the company to restructure itself, the firm itself is going out of business, or due to a change in the employer's function. Dismissal refers to the employer's decision to let the employee go, typically for a reason that is the employee's fault (SonthyaVanichvatana, 2010). This type of turnover includes resignations made to care for a family member who is terminally ill, deaths, and terminations, as well as the relocation of a spouse (Boxall, P. & J. Purcell, 2003). Employee turnover that is both avoidable and unavoidable is the other type. According to Murray R. Barrick and Ryan D. Zimmerman's definition of avoidable turnover in their 2005 paper, it is a type of turnover that occurs under circumstances that can be avoided; in this case, the organization first recognizes the reasons behind the turnover before taking preventative measures. Organizations can avoid this kind of turnover by hiring, evaluating, and motivating their staff members more skillfully (Riia O'Donnell, 2019). For instance, if bad working practices are the cause of the turnover, management of the business can prevent the turnover by changing the working practices. The term "Unavoidable Turnover" is used to describe a turnover that occurs due to unavoidable causes.

The other sort of staff turnover is functional and dysfunctional turnover. A turnover in which bad performers depart is described as functional turnover, but a turnover in which high performers depart is regarded as dysfunctional turnover, according to Abdali (2011). Poor performers may quit the company through any means in the event of functional turnover, despite the fact that they may otherwise be extremely useful to it (AbebeTechan, 2016). When these underperforming employees leave the company, it will save money by not having to pay for those employees' wasteful expenses. But in the case of dysfunctional turnover, losing people who are beneficial to the organization is a negative impact on the organization when good performers leave (BlenAsegid, 2018).

The other group is based on whether a turnover is internal or external. Internal turnover is the term for when employees of an organization transfer from one role to another, from one department to another, or from one location to another location inside the same firm (Sarah K. Yazinski, 2009). It has to do with internal hiring, which is when an organization uses an employee to fill a vacancy and then transfers the individual to another position inside the same company. As opposed to internal turnover, which can be either voluntary or involuntary, external turnover is defined as the division of employees and employers (Arokiasamy, 2013).

2.1.3 Causes and Influencing Factors That Contribute to Employee Turnover

Employees can leave their jobs in an organization for a variety of reasons. Pull factors, such as the allure of a new position with another company, and push factors, such as an employee's dissatisfaction with their current position, can be used to classify these.

(An alternative job in another location) (Kayla Weaver, 2016). Below, we go into more detail about some of the aspects that this study focused on as they relate to employee turnover.

Demographic factors are the primary cause of employment turnover. Studies have confirmed that demographic and personnel characteristics of employees, such as age, gender, qualification, marital status, experience, and tenure, are related in specific scenarios to turnover (Abdali, 2011).

Additionally, workers who have married, given birth to children, and stabilized their family situations prefer to remain with the company where they did so. This demonstrates how marital status has a significant impact on employee turnover (Mulie, 2018). Employees who are single and free to move about may, on the other hand, experience higher turnover rates. Additionally, Nawaz, Rahman, and Siraji (2009) highlighted that employees with more job experience have the option of leaving their current employer since they have a greater chance of finding better employment than do those with less experience.

The second element in employee turnover is a lack of opportunities for growth or progress. This is a reference to an employee not being assigned to a higher-level position through promotion or progress within a company. (Masri, 2009). Before recruiting, this should be clarified whether the position is essentially a dead-end proposal in order to avoid misleading the candidate and instilling false hopes of career progression and promotion (AlSayed, 2015).

Employees have little motivation to stay in their current jobs when they don't see any room for advancement in the future or within the current system. Employees will leave the company if they are not appropriately promoted.

The second factor that contributes to employee turnover is job satisfaction.

As a result, good job satisfaction reduces turnover, while low satisfaction increases it. Randhawa (2007). Therefore, the most crucial factor in determining an employee's intention to leave an

organization is their level of job satisfaction. Nawaz, Rahman, and Siraji explain that an unsatisfied employee is more likely to want to quit their job because of this (2009).

Additionally, compensation (monetary rewards) is a crucial component in reducing job staff turnover. Employees desire a commensurate level of pay for their work, which may be provided in the form of a monetary (direct) reward, such as a salary and bonus, or combined with other non-monetary (indirect) rewards, including transportation and health insurance (Ut Lon IM, 2010). According to Abdali(2011), remuneration is crucial for keeping personnel. It is well recognized that one of the issues in a business that causes employee turnover is poor compensation. Additionally, employers should pay their employees fairly. The result is a decrease in employee turnover. This is because discrimination in salary offers may result in employee churn (Abdali, 2011). It is critical for both employers and employees to have fair remuneration policies. Additionally, the availability of higher paid positions is one of the most frequently cited reasons for leaving a job, according to Shamsuzzoha (2003). This suggests that the person quits their current job in order to work for another company that will pay them more. Another important factor cited as a motivation for quitting the work is leadership (supervision) styles.

The collaboration between managers or supervisors and their subordinates may have an impact on employee turnover, according to Rosse (2010). Whether an employee is satisfied with their superiors and how well those supervisors communicate with their subordinates are key factors (Abdali, 2011). Employees now have access to areas of the company that were previously only available to management, such as strategic and tactical information and profit, and they are trusted with how they manage their own time and outputs.

Employees have also mentioned peer group relationships as reasons for leaving their jobs. Abdali (2011) contends that employee retention is significantly impacted by factors such as integration, contentment with coworkers, and good relationships within the workplace. Thus, an organization can lower turnover by fostering positive peer relationships, which are both a distant cause of turnover and a source of job happiness. Working conditions are additional reasons for leaving a job to those already mentioned. If an organization has a clean and healthy environment, its employees will stay.

2.1.4 Mitigating strategies of reducing Employee turnover

The issue of Employee turnover is making it difficult and almost impossible to reduce it. As a consequence, companies find potential mitigation tactics to lower employee turnover in their company and offer them.

To address this problem, one of the main elements influencing employee turnover rates is the work environment (Linda, 2002). Lowering absenteeism and employee turnover rates is accomplished through creating a stimulating workplace environment that cultivates content, empowered, and happy people. Promoting a work environment that encourages both personal and professional growth encourages harmony and support at all organizational levels, which is crucial (Martin, 2005).

The second element that affects employee turnover is training, which is crucial for giving new hires the abilities they need to execute their jobs right away. Robert (2006) made the following recommendation in connection to this: "Continuous training and reinforcement develops a work force that is competent, consistent, competitive, effective, and efficient." Before their first day on the job, new recruits should be exposed to information about the organization throughout the interview and recruiting processes, according to Fredrick (2010), so they may decide if the position is the best fit for them.

According to Johnston (1997), organizations that are not dedicated to employee skill development discourage employees from participating in career development programs, which results in higher staff turnover.

By incorporating them in future plans, new purchases, policy changes, and the introduction of new hires to existing workers who have gone above and beyond in meetings, businesses may keep their staff informed and engaged (R Nyaga, 2015). Employee engagement and listening to their concerns will foster loyalty, which will lower turnover and enable development.

The other significant factor is compensation, which is the main reason for the high staff turnover rate. Companies with the most turnover typically don't provide competitive compensation.

According to a research by Nelson (2009), the highest contributing factor to the high staff turnover rate in many organizations is the compensation scale. In order to retain and recruit highly skilled workers, businesses should make it a point to give salaries that are sufficiently

competitive. Additionally, businesses must fairly assess and change their promotion procedures to allow applicants to advance purely based on employee performance (Richard, 2008).

Employee retention would be influenced by information accessibility, the degree of organizational cooperation, and the organization's ability to make knowledge and ideas broadly available to employees. At all management levels, information sharing should take place (H. El-Farr, 2019). Access to knowledge would encourage employees to perform well and establish a solid company culture. Meaghan and others, 2002. Access to information would therefore provide workers a sense of appreciation for their work, reducing the likelihood that they would leave the company.

2.2 Empirical literature

If turnover is frequent and high in an organization, there are a variety of negative effects. These expenses for the firm include not just direct and indirect costs for hiring and training new personnel, but also lost productivity, slowed customer service, and demoralized incumbent staff.

The negative correlation between turnover and performance has been demonstrated by numerous researchers. Most researchers agreed with the idea that turnover lowers organizational performance (Rehman, 2012). Additionally, it was hypothesized by Mobley (1982) that work performance might be affected by turnover if an employee who intended to leave became ineffective. According to the research done by (Glebbeck & 2004), performance and turnover have a bad association.

According to a survey on the industries conducted by (Shukla & Sinha 2013), job satisfaction and work environment were the main reasons why most people left their jobs. The high significance level for both variables demonstrates that employees have a strong desire to choose new endeavors in search of a better working environment and greater job satisfaction, whether or not there is a pay compensation. Staff turnover leaves voids in an organization's infrastructure, according to a 2013 study by Butaliet. When a member of staff departs the company, the remaining employees either share that person's workload or take up that task.

It takes time for ERA to hire new staff when they leave and join other organizations, and that organizations don't always get the recruitment and selection process just right. Even when businesses get them right, it takes time for newly hired workers to become familiar with the basic

beliefs, practices, procedures, and technology used by. While they are still learning, they provide services that result in clients being unhappy with their mistakes. They are also unable to provide the services as quickly as clients may anticipate, which leads to frequent dissatisfaction with the results.

Overall job satisfaction, satisfaction with the actual task, pay satisfaction, satisfaction with supervision, and organizational commitment all produced very significant meta-analyses in (Cotton and Tuttle,1986) demonstrating that these are adversely correlated with turnover.

Finally, the study will state that it discovered a negative relationship between performance and turnover.

2.3 Conceptual framework

The following proposed conceptual model serves as a base for this research study. The diagram includes causes for employee turnover like Job dissatisfaction, Lack of compensation, Availability of better job opportunity, lack of promotion and insufficient salary and benefit. Although there is no single model for employee turnover it can also contain a number of these components.



Figure 1 Conceptual Frame work

The relationship between the above elements that influence employee turnover in the workplace may be seen in the above figure. The elements are the most frequent causes of employee departure and have a substantial impact on turnover rates. These variables produce a high level of turnover in most businesses, which has an impact on how well they operate in various ways.

CHAPTER THREE

METHODOLOGY

Most studies on research methodology are the selection of methodology that are based on the research problem and stated research question. The research concept, methodology, and sample procedures that I employed throughout data collecting are discussed and described in this chapter. Research methodology tries to comprise the theoretical analysis of the body of methods and principles associated with a branch of knowledge and depending on their historical development. Conducting any type of research should be governed by a well-defined research methodology based on scientific principles. This is because research is a systematic process of gathering and analyzing information in order to answer a question or solve a problem. (Leedy and Ormond 2010)

3.1 Profile of study Area

This study is conducted on Ethiopian Road Administration which was perversely named Ethiopian Road Authority. Focusing on the effect of employee turnover on organizational performance. With selection branches of Addis Ababa. ERA is a public transportation agency with its headquarters in Addis Ababa, Ethiopia. ERA was established in 1976 by proclamation No. 107/76 after being established as the Road Transport Administration (RTA) in 1967 by proclamation No. 256/67. (Europa P.L, 2002)

3.2 Research Design

Depending on the issue and the nature of the research investigations, there are 3 different sorts of research designs. Exploratory research designs deal with problems on how or why something occurs when only a small amount of information is available pertaining to that topic, descriptive designs describe the environment, and explanatory designs present novel theories that require additional investigation. The research design aids the researcher in gathering pertinent information to accomplish the study's goals. The study employed a descriptive quantitative research approach. This is thus because descriptive studies focus on precise forecasts, descriptions of facts and traits pertaining to people, organizations, or circumstances. The statistical analysis will be useful in highlighting the critical elements

influencing ERA's performance. As a result, the descriptive research design was followed in this research.

3.3 Research Approach

Researchers choose their research strategy in accordance with their study objective. Research approaches can be divided into three categories: mixed, quantitative, and qualitative

The study will use Mixed research approach to measure and analyze the effect of employee turnover on organizational performance. Mixed research approach opens door to multiple methods of data collection and helps to generate the findings to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals (Creswell, 2003). This research approach poses the researcher to the challenges that need for extensive data collection, the time intensive nature of analyzing both text and numeric data, and the requirement for the researcher to be familiar with both quantitative and qualitative forms of research (Creswell, 2003). In order to achieve the objective of this study and answer the research questions, the researcher adopted mixed research approach to assess the effect of employee turnover on the performance of Ethiopian Road Administration.

3.4 Population and sampling

The term "population" is used in research to refer to all the things, people, and even events that were researched as part of the study's subject. All of the management staff and employees of Addis Ababa's Ethiopian Road Administration make up the study's research population. The total employees in ERA in Addis Ababa are 2,320.

3.4.1 Sampling design

A proportionally stratified random sampling technique will be employed to obtain a sample population that will best represent the management teams and staff members. This method aids in selecting fair representatives for each participant category. In Addis Ababa, the population will have been divided into groups according to the management and operational employees. Participants will be chosen from each stratum using a straightforward stratified sampling procedure.

3.4.2. Sample Size

Ethiopian Road Administration has a total of 2,320 from three branches in Addis Ababa, agreeing on the data offered from the overall number of employees including management team and employees 342 sample will be selected. In order to determine the appropriate sample size, Taro Yamane's (1967) simplified formula was used. This formula helps to determine the sample size of Finite Population. If the population is finite it should be corrected to a desired level of precision.

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

Where,

n= is the required sample size

N= is the population size

e= the acceptable sampling error;

therefore,

$$n = \frac{2320}{1+2320(0.05)^2} = 341.17, \text{ i.e., } \mathbf{342 \text{ sample respondents which are representative sample.}}$$

3.5 Data Collection instrument

For this study, data was collected through primary data collection. Using both questionnaire and interview. A Likert scale questionnaire was utilized to collect primary data in order to get the necessary information from respondents about employee turnover and organizational performance. The survey consisted of three sections. Part 1 discusses the participants' demographics, while Part 2 includes measurements of employee turnover from followers and managers and part 3 open-end question. While the interview permitted face-to-face communication, it was employed to manage ambiguities between the interviewer (researcher) and respondent.

3.6 Data Analysis:

Both quantitative and qualitative data was produced by the study. Closed ended questions are used to collect numerical data, which then was analyzed using the descriptive statistics data

analysis method. Several statistical methods and tools were used to examine the data's gathered from interview, questionnaire, and documentary sources.

Descriptive data analysis method is applied to analyze numerical data gathered using closed ended questions. Data collected from interview, questionnaire, and documentary sources is analyzed by using the mean, deviation from the mean, variance, and percentage on the relationship between ERA performance and staff turnover.

3.7 Reliability

The degree to which a measuring process consistently produces the same result no matter how or when it is used is referred to as reliability. Samuel Taylor Coleridge is credited for creating reliability. The researcher used Cronbach's Alpha to examine the instrument's reliability in this study in order to confirm its accuracy. A measuring scale's internal consistency and reliability are estimated using Cronbach's Coefficient (α). It is utilized for questionnaire scales like rating because Cronbach's Coefficient is a good indication of the internal consistency of instruments without right or incorrect marking methods (Black & Leslie, 1999). The range of the Cronbach's alpha coefficients should be 0.70 to 1.00. A 2007 study by Sun, Chou, Stacy, Ma, Unger, and Gallaher.

The reliability of the tools used in this study to measure employee turnover and organizational performance is determined using Cronbach's alpha coefficients. The variable coefficients less than 0.6 are considered poor, coefficients greater than 0.6 but less than 0.8 are considered acceptable and coefficients greater than 0.8 are considered good. This is concluded from the result of reliability. (Kirk and Miller, 1986).

Reliability Statistics	
Cronbach's	
Alpha	N of Items
.791	13

Table 2. 1 Reliability test for (causes of Employee turnover)

From the table above we can conclude that the values for the causes of employee turnover is 0.791 which indicates that the scale is reliable to be used in this research.

Reliability Statistics	
Cronbach's	
Alpha	N of Items
.828	8

Table 2. 2 Reliability test (consequences of employee turnover)

From the table above we can conclude that the values for the consequences Of employee turnover is 0.828 which indicates that the scale is reliable to be used in this research.

3.8 Validity

According to Kothari (2004), "validity refers to the extent to which a test measures what we actually wish to measure." The strength of our findings, deductions, or statements is their validity. The extent to which you are measuring what you should, or the precision of your measurement. Because there is no purpose for applying an instrument even if it measures consistently if it does not precisely measure what it is designed to, validity is thought to be more significant than reliability. An initial questionnaire was presented to a group of reviewers to be evaluated for validity based on its substance, clarity of meaning, suitability to prevent any misunderstandings, and assurance of its relationship with the research objectives.

First, the researcher determines if the study's underlying theory has a solid conceptual foundation and is based on notions that have undergone significant validation. Obtaining advice from assigned advisor in the field. Feedback was gathered from the chosen friends using a sample questionnaire that was sent to ensure its validity. In this study's content, questionnaires were used

for the research, and their reliability was examined and changed in accordance with the subject.

3.9 Ethical Considerations:

During the research ethical issues was one of the mainly considered. Before beginning the data collection process, every relevant detail about who is conducting the study, why the study is being conducted, and other information that respondents would like to know will need to be provided. This will allow respondents to make an informed decision about whether to participate in the study. Additionally, it is said that either participating in the research or not would not have any negative effects. Additionally, confidentiality of their response is assured.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter focuses on the presentation, analysis and interpretation of the data obtained from the sample Ethiopian Road Administration (ERA) respondents through questionnaire and interview. The study was done with the intention of examining the impact of employee turnover on organizational performance in the Ethiopian Road Administration. The results of the questionnaire and interview were analyzed and interpreted.

4.1. Survey response rate

This study attempted to investigate the implications of personnel turnover on ERA's performance, placing particular attention to a few chosen branches in Addis Ababa. Adigrat, Addis Abeba, Combolcha, Debre Markos, Dire Dawa, Gondar, Jimma, Nekemete, Shashamene, and Sodo are just a few of the districts that make up ERA's network throughout Ethiopia. Staff members of a few chosen branches of ERA in Addis Ababa were given a total of 342 survey questionnaires as part of this research.

An examination of the response rate was done to find out how many respondents filled out and returned the surveys. As a result, the researcher observed that respondents' engagement was mostly appreciated. As a result, 79.82% of the questions with answers were returned.

4.1.2 Demographic characteristics of the respondents

Item		Frequency	Percentage	Total
	Male	181	66.2%	
Sex	Female	92	33.8%	273
	Single	109	40%	
Marital Status	Married	151	55.4%	273
	Divorced	13	4.6%	

Educational Status	12 Complete	8	3.1%	273
	First Degree	88	32.3%	
	Second Degree	147	53.8%	
	PhD	29	10.8%	

Source: Own Survey

Table 4. 1 General demographic characteristics of respondents

The data was obtained using a five-point Likert scale with three sections. Section A is general question, section B is issues related to turnover and section C is the effect it brings to the organization. A sample of 342 employees was chosen, out of population which was 2320 to fill out the questionnaire. Employees completed and returned a total of 273 (79.82%) surveys.

The percentage of employees who responded as single is 40%, married employees represent 55.4% while divorced/separated accounted for 4.6% of the respondents. Family obligations are a factor that may affect turnover because people are more likely to leave their jobs in search of better pay and benefits in order to support their families. On the other hand, family obligations may also be linked to job security, so people may even stay at their current job placement to prevent turnover. From the survey and interview it could be concluded that the employee's most likely leave the company for better salary and benefits.

Male respondents were 66.2% and female respondents were 33.8%. Regarding their educational background, first degree holders were 32.8%, second degree 53.8%, PhD holders 10.8% and 12 complete 3.1%, which show high level of professional employees were hired in ERA, which is good. However, it is thought that in a corporate environment where turnover is high, educated work groups pose a risk. Since educated workers have strong levels of perception while making decisions, they are more likely to be associated with turnover. In another research it is said that "employees with graduate degrees (masters or doctorate) are 47% more like to turnover than those with bachelor's degrees" (Kelly, 2021)

4.2 Analysis of Findings of the Study

4.2.1 The existence and rate of employee turnover in the study area

Respondents were asked about the presence of employee turnover in their organizations in order to determine the amount of turnover in ERA. Accordingly, respondents said that they believe there

is staff turnover in their company. Additionally, participants in this survey were asked to comment on the topic of turnover rate.

Most of the sample respondents indicated that there is a significant rate of turnover in ERA. In the question do you believe there is employee turnover in ERA the following data were obtained.

	No	Yes	Total
Sample Population	63	210	273
Percentage	23.1%	76.9%	100%

Source: Survey 2023

Table 4. 2 Respondents answer to Turnover in ERA

When asked to assess staff turnover in the second questionnaire question the following datas were obtained

Asses staff turnover	Very High	High	Low	Very Low	None	Total
Sample Population	13	189	59	4	8	273
Percentage	4.6%	69.2%	21.5%	1.5%	3.1%	100%

Source: Survey 2023

Table 4. 3 Turnover rating

In this research, the researcher also gathered information on the issue of employee turnover by holding an interview with the HR Manager of ERA. The HR managers' response was that ERA's experiences employee turnover is just like any other firm. And as from the data collected it can be concluded that there is high turnover rate in ERA.

4.2.2 Respondents Response on Causes of Employees' Turnover

The researcher asked the respondents to identify the reasons why employees quit the organization after confirming the presence of staff turnover at ERA. Most respondents said that the main factors or causes for employees leaving ERA are the pursuit of greater pay and more benefits. Besides, they raised poor leadership, lack of employee equality and involvement in decision making, lack of work life balance.

Along with the reasons for employee turnover already mentioned, the following lists of explanations for labor turnover were also given to the respondents to determine their level of agreement and disagreement with the potential causes of turnover in ERA.

The following tables show many factors that contribute to employee turnover. What are the following reasons for employees to quit their organization regarding employee turnover, as answered in the questionnaire? The following feedback was received.

Job satisfaction				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	4	1.5	1.5	1.5
Disagree	13	4.8	4.8	6.2
Neutral	46	16.8	16.8	23.1
Agree	164	60.1	60.1	83.2
Strongly Agree	46	16.8	16.8	100.0
Total	273	100.0	100.0	

Table 4. 4 Turnover for Job Satisfaction

Based on the survey results, most employees are dissatisfied with their jobs. 16.8% of workers strongly agreed, while 60.1% agreed that they are unsatisfied with their jobs. Only 1.5% and 4.8%, respectively, of the workforce strongly disagreed and disagreed. There are a variety of reasons why workers might not like their employment. One explanation is that they might not receive a job that corresponds to their educational background. Another factor is that they could be assigned uninteresting and repetitive jobs. The higher the employee's perceived satisfaction, the lower the turnover intention. (Mufidah 2016).

Getting a better job				
	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	13	4.8	4.8	4.8
Neutral	17	6.2	6.2	11.0
Agree	144	52.7	52.7	63.7
Strongly Agree	99	36.3	36.3	100.0
Total	273	100.0	100.0	

Table 4. 5 Turnover for Getting a better job

Additionally, as seen in the following table above from our survey, most respondents agreed that finding a better work opportunity is a potential reason for employee turnover. While 53.8% agreed, 6.2% were neutral, 36.9% strongly agreed, and only 3.1% disagreed. Employees seek better job opportunity for different reasons. It might be either to get more benefit or salary or even to improve their work-life balance. Employees seek better positions based on the benefits other firms provide, according to one of the responses obtained from the HR interview regarding employee turnover. One of the cases mentioned was the accounting division while ERA provides many training programs for junior and senior accountants. Their demands, particularly at the organization, are enormous as a result. Therefore, most accountants decide to go on to get a better career chance.

Better payment and benefit

	Frequency	Percent	Valid Percent	Cumulative Percent
Neutral	9	3.3	3.3	3.3
Agree	166	60.8	60.8	64.1
Strongly Agree	98	35.9	35.9	100.0
Total	273	100.0	100.0	

Table 4. 6 Turnover for better payment and benefit

It is observed from the study findings that most employees think having greater salary and benefits will increase their job satisfaction. Better compensation and benefits would increase job satisfaction, according to 60.8% of employees, with 35.9% strongly agreeing. Only 3.3% of workers rated themselves as neutral. Employees feel that increased salary and benefits would increase their work satisfaction for a variety of reasons. One explanation is that employee satisfaction is significantly influenced by money. More highly compensated employees are more likely to feel content in their positions. Another justification is that services like paid time off and health insurance might increase work satisfaction. Good benefits are more likely to make employees feel content in their careers. Whatever the motivation, it is evident that staff members feel that more favorable compensation and benefits will increase their level of work satisfaction.

Poor Work Environment in ERA

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	25	9.2	9.2	9.2
Neutral	113	41.4	41.4	50.5
Agree	84	30.8	30.8	81.3
Strongly Agree	51	18.7	18.7	100.0
Total	273	100.0	100.0	

Table 4. 7 Turnover for poor work Turnover environment

Based on the survey results, nearly half of the employees believe that their working environment is poor. 18.7% of employees strongly agreed, and 30.8% of workers agreed that their workplace is poor. The employees who disagreed were 9.2%, while 41.4% were neutral. This indicated that's the working environment at ERA may not be the precise reason for the turnover, according to 41.4% of the respondents. Employees may feel that their working environment is unsatisfactory for a variety of reasons. It is possible that the workplace isn't productive because of its physical surroundings. For instance, the workplace can be overly noisy or busy. Another reason is that there is a lack of employee support in ERA's culture. Negative work place culture is one of the primary reasons why employees quit their jobs (John, 2023). For instance, there can be a lot of employee friction or a high rate of staff turnover at the organization. Whatever the cause, it is evident that staff members feel their workplace is inadequate. Stress, burnout, and reduced productivity are a few issues that might result from this.

Lack of job growth

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	17	6.2	6.2	6.2
Neutral	84	30.8	30.8	37.0
Agree	127	46.5	46.5	83.5
Strongly Agree	45	16.5	16.5	100.0
Total	273	100.0	100.0	

Table 4. 8 Turnover for lack of job growth

The survey's findings demonstrate that majority of the workers said there was lack of job growth. This was expressed by 46.5%, with 16.5% strongly agreeing. This might imply that employees lack satisfaction. The employees who disagreed were only 6.2%, and 30.8% were neutral. This indicated that the 30.8% respondents are not quite sure that lack of job growth is that reason for the turnover at ERA.

Employee dissatisfaction due to lack of employment development may be caused by a variety of factors. One explanation is that they might not be able to grow professionally. They might not be able to earn a better pay, which is another factor.

Poor leadership from Employer

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	13	4.8	4.8	4.8
Neutral	86	31.5	31.5	36.3
Agree	137	50.2	50.2	86.4
Strongly Agree	37	13.6	13.6	100.0
Total	273	100.0	100.0	

Table 4. 9 Turnover for poor leadership from employer

On the survey of poor leadership style, it is found that 50.2% of workers agreed and 13.6% strongly agreed that poor leadership has a negative effect on their job. The employees who disagreed were just 4.8%, and 31.5% were neutral. A 31.5% neutral responses to poor leadership suggests that a significant percentage of respondents are unsure about whether their leaders are ineffective. This might be due to several reasons, such as some may have had positive experience with leadership in the past or others might be hesitant to criticize their leaders.

There are a lot of factors that might make employees operate less effectively under inadequate leadership. One reason is that it can result in a lack of direction and clarity, which might make it challenging for staff members to understand what they should be doing. Another reason is that it may result in a lack of respect and trust, which might hinder employees' ability to feel inspired and engaged.

Disagreement with boss

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	13	4.8	4.8	4.8
Neutral	107	39.2	39.2	44.0
Agree	129	47.3	47.3	91.2
Strongly Agree	24	8.8	8.8	100.0
Total	273	100.0	100.0	

Table 4. 10 Turnover for disagreement with boss

From the survey findings that more than half of the employees at least occasionally dispute with their supervisor. 8.8% of workers strongly agreed that they disagree with their employer, and 47.3% agreed. Only 4.8% of the workforce disagreed, while 39.2% were neutral. The 39.2% neutral response indicates that there is a significant amount of uncertainty about whether disagreement with their boss, is a reason for employees to leave their job. This uncertainty is likely due to, respondents may not see this as a reason for turnover or maybe hesitant to criticize their boss.

A bad manager can degrade an employee's job satisfaction, dedication, well-being, and performance. When all that has reached a critical low, it becomes turnover as team members quit, transfer, and leave as fast as they can. (Michael, 2022) Employees and their supervisor may dispute for a variety of reasons. One option is that the employee disagrees with the decisions the employer is making. Another option is that the supervisor is not successfully communicating with the worker. Another possibility is that the worker just doesn't get along with their boss's personality.

It is obvious that disagreeing with your supervisor may be challenging and unpleasant, regardless of the cause. It is critical to resolve these disputes politely and professionally. We will be discussing this in the next chapter.

Cash prize or lack of compensation

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	17	6.2	6.2	6.2
Neutral	78	28.6	28.6	34.8
Agree	148	54.2	54.2	89.0
Strongly Agree	30	11.0	11.0	100.0
Total	273	100.0	100.0	

Table 4. 11 Turnover for Cash prize or lack of compensation

According to the survey's findings, it is evident that the majority of workers feel their pay is inadequate. 54.2% of workers agreed and 11.0% strongly agreed that there is low remuneration. The employees who disagreed were only 6.2%, while 28.6% were indifferent.

Employees may feel there is insufficient remuneration for a variety of reasons. One option is that employees aren't receiving a fair remuneration. ERA may perhaps not be providing adequate perks. It is also conceivable that the ERA does not award incentives or raises to workers.

High workload causing anxiety and tiredness

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	39	14.3	14.3	14.3
Neutral	63	23.1	23.1	37.4
Agree	141	51.6	51.6	89.0
Strongly Agree	30	11.0	11.0	100.0
Total	273	100.0	100.0	

Table 4. 12 Turnover for high workload causing anxiety and tiredness

According to the survey findings, it is evident that the majority of employees think that having a heavy task makes them anxious and exhausted. 51.6% of workers agreed, and 11.0% strongly agreed, that having a heavy workload makes them anxious and exhausted. The employees who disagreed were only 14.3%, and 23.1% were neutral.

High workloads can make people feel anxious and worn out for a variety of reasons. One factor is that it might result in a stressful sensation of being overpowered. Another concern is that it can result in a lack of sleep, which might make workers irritable and exhausted.

Low social, individual, and peer relationship

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	56	20.5	20.5	20.5
Neutral	99	36.3	36.3	56.8
Agree	105	38.5	38.5	95.2
Strongly Agree	13	4.8	4.8	100.0
Total	273	100.0	100.0	

Table 4. 13 Turnover for low social, individual, and peer relation

Low social, personal, and peer interactions have a negative impact on employee productivity, according to 38.5% of employees, with 4.8% strongly agreeing. 36.3% of employees were neutral, while just 20.5% disagreed.

Low social, personal, and peer interactions can have a negative effect on employees' ability to do their jobs for a variety of reasons. One factor is that it could result in a distressing sense of isolation. It may also result in a lack of support, which can hinder employees' ability to feel motivated and engaged.

Poor development and training chance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	4	1.5	1.5	1.5
Disagree	61	22.3	22.3	23.8
Neutral	89	32.6	32.6	56.4
Agree	115	42.1	42.1	98.5
Strongly Agree	4	1.5	1.5	100.0
Total	273	100.0	100.0	

Table 4. 14 Turnover for poor development and training chance

According to the survey results, nearly half of the employees feel that there is a lack of development and training. 1.5% of workers strongly agreed with the statement that there aren't enough possibilities for professional growth and training, and 42.1% agreed. 22.3% of workers disagreed, 1.5% strongly disagreed, and 32.6% were neutral. A 32.6% neutral response to poor development and training as a reason for employee turnover indicates that a significant portion of respondents are unsure about whether poor development and training is a reason for them to leave their job. Some possibilities are respondents may not see this as a reason or others may have had positive experience with training and development.

The lack of personal development within an organizational context is becoming a more and more critical factor for turnover intentions (Freund, 2005). Employees may feel there are not enough possibilities for training and development for a variety of reasons. One explanation is that the ERA does not support employee advancement. Additionally, it is conceivable that it does not provide training that is applicable to the employee's position.

Whatever the cause, staff members believe that there are not enough possibilities for growth and training. Employee dissatisfaction poor productivity, and a rise in turnover are just a few issues that might result from this.

Not being given a job that matches their educational level

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	29	10.6	10.6	10.6
Neutral	101	37.0	37.0	47.6
Agree	109	39.9	39.9	87.5
Strongly Agree	34	12.5	12.5	100.0
Total	273	100.0	100.0	

Table 4. 15 Turnover for not been given a job that matches their education level

According to the table above, 12.5% of workers strongly agreed, and 39.9% of workers felt that their employment does not correspond to their educational background. The employees who disagreed were only 10.6%, while 37.0% were neutral.

Employees may feel that they are not being assigned a job that fits their educational level for a

variety of reasons. One option is that the firm does not hire workers with the necessary training and expertise. Another option is that employees are not getting promoted based on their qualifications and experience at the organization. It is also likely that the ERA does not provide staff members the chance to advance their careers and gain new skills.

A more repetitive chore that is tiresome and boring

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	25	9.2	9.2	9.2
Neutral	76	27.8	27.8	37.0
Agree	164	60.1	60.1	97.1
Strongly Agree	8	2.9	2.9	100.0
Total	273	100.0	100.0	

Table 4. 16 Turnover for a more repetitive chore that is tiresome and boring

Repetitive tasks are boring and tiring according to 60.1% of workers with 2.9% strongly agreeing. The employees who disagreed were only 9.2%, and 27.8% were neutral.

Employees find tedious and unpleasant repetitive tasks for a variety of reasons. They may be exhausted physically or psychologically, which is one reason. Another factor is that they may get boring and lack diversity. Before it worsens, it is critical for ERA to address the issue of repeated tasks.

In conclusion from the descriptive data's above we can conclude that employee turnover in ERA is caused by employees seeks better jobs and benefits, a more repetitive and higher workload causing anxiety and tiredness, poor leadership style, lack of growth and job dissatisfaction

4.2.3 Respondents response on the effects of employee's turnover on organization performance

The impacts of employee turnover on organization performance are examined in this section mainly through descriptive and explanatory analysis. Data from 273 respondents and an interview with the HR are analyzed.

The following tables show many factors that contribute to employee turnover. The potential impact of employee turnover on organizational performance, as answered in the questionnaire. The following feedback was received.

Employee turnover has reduced our product or service quality.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	17	6.2	6.2	6.2
Neutral	86	31.5	31.5	37.7
Agree	137	50.2	50.2	87.9
Strongly Agree	33	12.1	12.1	100.0
Total	273	100.0	100.0	

Table 4. 17 Employee turnover has reduced our product or service quality.

According to the study results, majority of the employees think that employee turnover has lowered the quality of the delivered goods or services. Employee turnovers have lowered the quality of goods or services, according to 50.2% of workers, with 12.1% strongly agreeing. The employees who disagreed were only 6.2%, while 31.5% were neutral. From the 31.5% we can indicate that employee turnover might not affect product and service quality in ERA.

Employee turnover can lower the quality of a product or service for a variety of reasons. They can result in error and mistakes, which is one of the reasons. They may also cause exhaustion and boredom, which might hinder workers' ability to concentrate on their task.

Employee turnover has resulted in replacement of weak or unqualified employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	21	7.7	7.7	7.7
Neutral	63	23.1	23.1	30.8
Agree	147	53.8	53.8	84.6
Strongly Agree	42	15.4	15.4	100.0
Total	273	100.0	100.0	

Table 4. 18 Employee turnover has resulted in replacement of weak or unqualified employee

According to the study, 53.8% of workers agreed and 15.4% strongly agreed that monotonous tasks have led to the replacement of underperforming or unqualified workers. The employees who disagreed were only 7.7%, and 23.1% were indifferent.

Employee turnover may cause weak or inexperienced workers to be replaced for a variety of reasons. One reason is that they could result in creating a challenge for workers to do their duties well. They may also cause exhaustion and boredom, which might hinder workers' ability to concentrate on their task.

Employee turnover has made meeting deadlines less likely

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	17	6.2	6.2	6.2
Neutral	89	32.6	32.6	38.8
Agree	127	46.5	46.5	85.3
Strongly Agree	40	14.7	14.7	100.0
Total	273	100.0	100.0	

Table 4. 19 Employee turnover has made meeting deadlines less likely

According to the survey finding, it is clear most workers think that deadlines are now less likely to be met because of employee turnover. Employee turnover have made achieving deadlines less probable according to 46.5% of workers who agreed with 14.7% strongly agreeing.

The employees who disagreed were only 6.2%, while 32.6% of respondents gave the statement "Employee turnover has made meeting deadlines less likely" a neutral response indicates that there is uncertainty of opinion on this matter. Meeting deadlines may be less likely, according to some people, while others may think that personnel turnover has little to no effect.

Employee turnover has incurred high replacement cost as well as expenses for hiring and training new employees.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	13	4.8	4.8	4.8
Neutral	30	11.0	11.0	15.8
Agree	187	68.5	68.5	84.2
Strongly Agree	43	15.8	15.8	100.0
Total	273	100.0	100.0	

Table 4. 20 Employee turnover has incurred high replacement cost as well as expenses for hiring and training new employees.

Majority of the employees think they have paid a significant replacement cost as well as costs associated with finding and training new staff. With 15.8% strongly agreeing, 68.5% of employees agreed that employee turnover had resulted in high replacement costs as well as costs associated with finding and training new personnel. 11.0% of workers were neutral, while just 4.8% disagreed.

Employee turnover can result in high replacement costs and costs for acquiring and training new staff for a variety of reasons. They may cause tiredness and boredom, which can make it challenging for workers to concentrate on their task, is one explanation

Employees' workload is getting heavier.

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	25	9.2	9.2	9.2
Neutral	39	14.3	14.3	23.4
Agree	171	62.6	62.6	86.1
Strongly Agree	38	13.9	13.9	100.0
Total	273	100.0	100.0	

Table 4. 21 Employees' workload is getting heavier

According to the above table, 62.6% of respondents concur while 13.9% strongly agree, that the workload of employees is increasing. This shows that the quantity of work that employees are asked to accomplish is making them feel more and more overwhelmed.

The workload of employees may be increasing for several reasons. One explanation is that ERA want their staff to accomplish more with less. Budget cuts, heightened competition might all be to blame for this. Another possibility is that employees may need new knowledge and abilities as the nature of work changes and shifts. As a result, workers may have a stressful sense of ongoing learning and adaptation.

Service delivery is affected due to employee turnover.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.5	1.5	1.5
	Disagree	9	3.3	3.3	4.8
	Neutral	22	8.1	8.1	12.8
	Agree	174	63.7	63.7	76.6
	Strongly Agree	64	23.4	23.4	100.0
	Total	273	100.0	100.0	

Table 4. 22 Service delivery is affected due to employee turnover.

According to the above table, 63.7% of respondents agree and 23.4% strongly agree that employee turnover has an impact on service delivery. This shows that staff turnover is a serious problem that may have a negative impact on the standard of service offered to clients.

For a variety of reasons, employee turnover can affect how successfully services are provided. When an employee leaves, they take their skills, knowledge, and experience with them. Lower productivity and lower-quality work might come from this. Additionally, when personnel depart, those that remain could experience instability and insecurity. Lower morale and motivation might come from this, which could further impact the standard of services.

More experience and knowledge are entering the organization because of the new employees.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	2.9	2.9	2.9
	Disagree	50	18.3	18.3	21.2
	Neutral	86	31.5	31.5	52.7
	Agree	120	44.0	44.0	96.7
	Strongly Agree	9	3.3	3.3	100.0
	Total	273	100.0	100.0	

Table 4. 23 More experience and knowledge are entering the organization because of the new employees.

According to the survey result shown in the above table, 44.0% of workers agreed and 3.3% strongly agreed that new hires have brought in additional experience and knowledge for the company. Only 2.9% of workers disagreed, and 18.3% disagreed strongly.

New hires may benefit a company by adding experience and knowledge for a variety of reasons. One explanation is that they could have worked in other companies with distinct backgrounds and skill sets. Another explanation is that they could have gotten instruction or training that has improved their knowledge and abilities.

In conclusion from the descriptive data's above we can conclude that employee turnover will affect the organizational performance. In ERA based on the data's collected employee turnover mainly affects service quality and delivery, high hiring cost, workloads of employees getting heavier and having weak unqualified new employees.

4.3 Possible Mitigating Measures Forwarded by Respondents to Reduce Turnover of Employees

The measures that follow must be implemented by the company in order to prevent turnover, according to the respondents when asked about how to keep employees in an organization. increase in employee salary, improving working environment and leadership style, having more benefits and rewards and others.

Solution Proposed	Number of employees mentioned	Percentage
Increasing salary	73	27%
Providing benefits and rewards	64	23%
Careful consideration of the hiring process	22	8%
Creating a good working environment and improving leadership style	17	6%
Having an employee retaining strategy	13	5%
Being fair for all employees	14	5%
Increasing career structure	10	4%
Try to reduce nepotism, corruption, and the like issues.	8	3%
Having a well-planned learning and developing program for employees	5	2%
Recruiting employees who will fit ERA's working culture	11	4%
No answer	59	21%

Table 4. 24 possible mitigation from employees

According to the table shown above it is clear that 27% of employees prefer pay increases, while 23% prefer special consideration for awards or other bonuses. These are the two suggestions proposed by employees for reducing employee turnover. Although work development and others are top of mind for employees, compensation remains an important solution to decrease turnover. (Sarah, 2018) While the other proposed solutions are also possible solutions for ERA like having an employee retaining strategy which is 5% High retention rates can indicate a high level of engagement, superior performance, and better customer service. Engagement is particularly important as employees who care more about an organization's mission feel a sense of purpose in their roles and will perform better. (Matt, 2020).

4.4. Responses based on interviews

This part presents and interprets the information that the researcher gathered from ERA HR managers through semi-structured interviews. In this way, the section is structured such that it may most effectively respond to the research questions established at the outset of the study.

According to HR managers:

- Inadequate pay and benefit packages are the primary cause of the ERA's observed turnover. Most of the turnover seen are from the finance department.
- The existing employees are expected to shoulder the whole weight in order to fulfill the task orders since the firm must examine suitable employees and after train new hires for two to three months depending on the department they applies before they begin their employment.
- Starting from 2013 ERA's employee turnover has decreased and that is because of the war during that time. It caused economy instability. Not just in other branches but also in Addis Ababa, most ERA branch employees flee from their work site to Addis Ababa until it was stable. ERA also offered assistance to each of its branch employees. Most of their locations, particularly Mekele, Combolacha and Gonder, were closed. But now that every branch has reopened, they have started looking for their former employees. Sadly, the most were found deceased. Because of this reasons ERA's organizational performance was also affected.
- Concerning the retention methods that the ERA developed, the management mentioned that ERA has been working on providing a good working environment for their

employees. By providing a reasonable priced café inside the organization and also by providing dormitory and transportation service for their training employees

- Another indicator of turnover, according to the interview, is the majority of female employees who take maternity leaves tend to remain at home. Maternity leave is mostly given for two to three months depending on the circumstances. While on their maternity leave most females notifies the firm a month within the maternity leave that they have decided to leave the firm because of personal reasons. During those periods the workload will be on the remaining employees to train and also fill the gap of the female employee who is on maternity leave.

Chapter 5

Summary of Finding, Conclusion and Recommendation

5.1 Summary of Finding

The main purpose for this study was to investigate the effect of employee turnover on organizational performance at Ethiopian Road Administration. A sample size of 342 was taken but only 273 responses were collected. With 40% being single, 55.4% married, and 4.6% divorced/separated. Male respondents were 66.2% and female respondents 33.8%, with first degree holders 32.8%, second degree 53.8%, PhD holders 10.8%, and 12 complete 3.1%. Male respondents were 66.2% and female respondents 33.8%, with first degree holders 32.8%, second degree 53.8%, PhD holders 10.8%, and 12 complete 3.1%. Educated work groups pose a risk in a corporate environment where turnover is high, as educated workers have strong levels of perception while making decisions.

Thus, there are a variety of factors that might contribute to employee turnover, but main reasons mentioned in this study are getting better job and benefit, Job dissatisfaction, unmatched and heavy work load and lack of job growth.

From the interviews we can also conclude that turnover is highly seen in Finance department. Where new banks are opening and offering more benefit and salary for new employees, ERA's employees tend to leave their current job for other bank firms to get better job opportunities.

Another information gathered from the interview is that organizations like NGO's and Embassies tend to give priority for employee's with experience in government organization specially ERA. Most departments needed were site engineer, human resource and finance. Thus, when the opportunity present itself most employees tend to leave their current position for better job opportunity.

Employee turnover has an impact on an organization's overall performance, according to data from the interview with HR managers at ERA, and the respondents' responses to written questions. The study revealed that service quality and delivery time will be affect, hiring and training cost is high and when an employee is hired it will take time to train and the workload will be on the existing employees.

Because of this, care must be made to minimize or lower turnover rate. Therefore, adjusting salaries and benefits packages as well as providing possibilities for career progression are crucial steps the bank should take to lower the degree of turnover. Additionally, if a promotion is available and the workplace is comfortable, people are more likely to stay on the job.

5.2 Conclusion

The purpose of this study was to assess how employee turnover affects organizational performance in ERA and offer significant solutions for preventing and controlling staff turnover in the bank business. Data were gathered and evaluated using primary sources, including interviews with the ERA's HR manager and 273 sample respondents in Addis Ababa. As a result, the study's goals have been met, and based on that goal, the following conclusions have been made. Any organization's ability to succeed is greatly influenced by its employee's, technology, and resources. A company's ability to succeed or fail depends heavily on its workforce.

5.3 Recommendation

This recommendation section suggests that ERA take the following actions in response to the key findings mentioned above. In order to give management time to focus on the core business of the entity and avoid the impact of turnover on the organization's performance, the researcher first advocated for minimizing employee turnover. This will save the organization time and money spent on recruiting and training new employees.

Thus, ERA:

- Addressing the issues of the staff. Employees are more likely to quit if they are dissatisfied with their work. Employers may handle employee issues by hearing their input, acting on it, and fostering an environment of open communication.
- Increasing salary and benefit. The most frequent reason for turnover in ERA is pay and benefits. If ERA doesn't offer competitive pay and benefits, workers often leave their positions, which has an impact on the organization performance. ERA needs a merit-based compensation strategy to address this issue, as well as wages and benefits that are sufficiently attractive to highly-qualified and experienced workers in comparison to those offered by other businesses in the same labor market.
- A well-planned employee retention strategy. Establishing procedures and rules that are intended to keep staff members motivated and engaged and to encourage them to remain

with the company. An effective approach for staff retention may help businesses cut expenses, boost output, and boost employee job satisfaction.

- An employee may not remain in a company just for the money; rather, they may do so for a variety of reasons, including advancement opportunities and perks that draw in additional workers. As a result, ERA should implement a variety of employee incentive strategies, such as instituting rewards for diligent workers and often praising employees' contributions and efforts in order to motivate them on to greater productivity. By doing this, ERA can lessen the detrimental effects of turnover on its performance. Additionally, employees want to work in an environment that is comfortable for them. Therefore, ERA should try to ensure that the necessary comfort and convenience for the job are provided to the employees in order to maintain its competent and experienced staff.

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ANNEX
Questionnaire

ST. MARYS UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES

QUESTIONNAIRE

This questionnaire is designed intending to collect data of the following topic: Effect of employee turnover on organizational performance: the case of Ethiopian Road Administration in Addis Ababa. You are requested to assist in responding questions as you know them. The information obtained through this questionnaire is exclusively for academic requirement i.e., for the fulfillment of the Requirements of the Award of the Degree of Master of Business Administration.

I assure you that, all your responses will be kept in absolute confidentiality and you will not be held responsible for the research outcome. Therefore, your genuine, frank and timely responses are quite vital to determine the success of this study.

NOTE

- No need of writing your name.
- Encircle the letter of your choice and put a tick [✓] mark in the box provided.
- Please respond as accurately as possible and at your earliest possible time. Thank you for your cooperation!

BACKGROUND INFORMATION

Part-I: Section A: Demographic factors

1. Gender

- a) Male
- b) Female

2. Age Year

- a) 18-25 years
- b) 26-35 years
- c) 36-45 years
- d) 46-55 years
- e) 56 and above

3. Marital status

- A. Married
- B. Single
- C. Divorced/Separated
- D. Widowed

4. Educational status or qualification

- A. 12 Complete
- B. Diploma holder
- C. First Degree
- D. Second degree
- E. PhD

5. How long have you worked in this organization, length of service years

7	Disagreement with boss					
7	Cash prize or lack of compensation					
8	High workload causing anxiety and tiredness					
9	Low social and individual relationship and peer group relationship					
10	Poor development and training chance					
11	not being given a job that matches their educational level					
12	A more repetitive chore that is tiresome and boring makes up the majority of the work I do.					

4. Please indicate your response regarding the impact of employee withdrawal on organizational performance in Ethiopian Road Management.

No	The potential consequences of employee turnover on organizational	Strongly agree	agree	neutral	Disagree	Strongly disagree
10	Service delivery will be affected due to employee turnover. (disrupts service delivery)					
11	Every employee's workload is getting heavier					
12	High employee turnover reduces performance or productivity at work					
13	Waste of resources due to high turnover when new employee start working					
14	Organization who experience high employee turnover are less likely to					

	meet deadlines or complete daily tasks.					
15	Product/service quality will decrease due to high employee turnover					
16	High replacement cost as well as expenses for hiring new employee and training is very high.					
17	Replacing with weak employees or unqualified employees					
18	More experienced and knowledge is entering the organization because of the new employee					
19	Do you believe there are some positive effect					

Part-III General Questions

5. What steps should be taken, in your opinion, to reduce employee turnover? (possible mitigating strategies)

Thank you very much!

St. Mary's University

Master's in business administration

Interview question

Dear Respondents,

The interview questions listed below are intended to gather information based on the following topic: employee turnover's impact on organizational effectiveness. We need your help in providing answers to the questions you are aware of. I look forward to thanking you for your participation, and please know that the material acquired during this interview session will be kept confidential and used solely for study.

1. What is the rate of staff turnover in ERA?
2. What factors, in your opinion, lead employees to decide to leave this company?
3. What consequences result from employee turnover? And how do you believe ERA's performance has been impacted by personnel turnover?

What steps does the management take to lower the rate of employee turnover in this

