



St. Mary's ቅድስት ማርያም  
University ዩኒቨርሲቲ  
committed to excellence

**THE IMPLICATION OF STAFF TURNOVER TO EMPLOYEES'  
PERCEIVED PERFORMANCE AND ORGANIZATIONAL  
EFFECTIVENESS: THE CASE OF K.A.M PLC**

**BY**

**BIRUK ASHENAFI TELIKU**

**DECEMBER 2016**

**ADDIS ABABA**

**ETHIOPIA**

# TABLE OF CONTENTS

	<b>Page</b>
<b>TABLE OF CONTENTS</b> .....	I
<b>ACKNOWLEDGEMENT</b> .....	IV
<b>ACCRONYMS AND ABBREVIATIONS</b> .....	V
<b>LIST OF TABLES</b> .....	VI
<b>LIST OF FIGURES</b> .....	VII
<b>ABSTRACT</b> .....	VIII
<b>CHAPTER ONE</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Background to the Study.....	1
1.1.1 Background of the Company .....	2
1.2 Statement of the problem.....	3
1.3 Research Questions.....	4
1.4 Objectives of the Study.....	4
1.5 Hypothesis of the Research.....	5
1.6 Significance of the Study.....	5
1.7 Scope of the Study .....	6
1.8 Limitation of the Study .....	6
1.9 Organization of the Study .....	7
<b>CHAPTER TWO</b> .....	8
<b>REVIEW OF RELATED LITRATURES</b> .....	8
2.1 Staff Turnover: Definition and Concepts.....	8

2.1.1 Turnover Intentions.....	9
2.1.2 Measuring Staff Turnover.....	9
2.2 Staff Turnover and Employees’ Perceived Performance.....	10
2.2.1 Recruitment and Orientation.....	10
2.2.2 Working Environment .....	11
2.2.3 Employee Engagement Practice .....	13
2.4 Strategies to Minimize High Staff Turnover .....	17
2.5 Conceptual Framework.....	19
<b>CHAPTER THREE</b> .....	<b>21</b>
<b>RESEARCH DESIGN AND METHODOLOGY</b> .....	<b>21</b>
3.1 Research Design .....	21
3.2 Population .....	22
3.3 Instruments of Data Collection .....	22
3.3.1 Document Analysis.....	22
3.3.2 Interview .....	23
3.3.3 Questionnaire Survey.....	23
3.4 Procedure of Data Collection .....	24
3.5 Ethical Consideration.....	24
3.6 Methods of Data Analysis.....	25
<b>CHAPTER FOUR:</b> .....	<b>26</b>
<b>DATA PRESENTATION, ANALYSIS, AND INTERPRETATION</b> .....	<b>26</b>
4.1 Document Analysis of Turnover rate in K.A.M PLC.....	26
4.2 Presentation, Analysis, and Interpretation of Data Gathered through Questionnaires.....	31
4.2.1 Demographic Data: Profile of employees at non-managerial level.....	31
4.2.2 Demographic Data: Profile of employees at managerial level .....	31

4.2.3 Descriptive Statistics: Implication of Staff Turnover to Employees' Perceived Performance .....	32
4.2.3.1 Work load .....	32
4.2,3.2 Job stress .....	33
4.2.3.3 Working time .....	34
4.2.3.4 Training New Staff Members .....	35
4.2.3.5 Employee Performance .....	36
4.2.4 Descriptive Statstics: Staff Turnover and Perceived Organizational effectiveness .....	37
4.2.4.1 Wastage of Resources .....	37
4.2.4.2 Efficiency of The Organization .....	38
4.2.4.3 Service Provision and Delivery .....	39
4.2.4.4 Loss of Customers .....	40
4.2.4.5 Profitability .....	41
4.2.4.6 Goodwill and Reputation .....	41
4.2.4.7 Competitiveness .....	42
4.3 Statistical Test and Interpretation .....	43
4.3.1 Reliability Testing: Cronbach's Alpha .....	43
4.3.2 Chi-square Analysis .....	44
4.3.3 Hypotheses testing- Chi-square tests .....	44
<b>CHAPTER FIVE</b> .....	<b>46</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS</b> .....	<b>46</b>
5.1 Summary of Major Findings .....	46
5.3 Conclusion .....	46
5.4 Recommendations .....	47
5.5 Direction for Further Research .....	48
References .....	49
APPENDICES .....	IX

## **ACKNOWLEDGEMENT**

First and for most, I would like to give my gratitude, glory and praise to the Almighty GOD for His invaluable care and support throughout the course of my life and for His help from the beginning until its completion. Without His grace I would have not been able to produce this dissertation.

Secondly, I'm grateful to appreciate my advisor, Assistant Professor Goitom Abraham who has taken all the trouble with me while I was preparing this study. Especially, his valuable and prompt advice, attractive facial expressions, constructive corrections and insightful comments, suggestions and encouragement are highly appreciated. A special word of mouth is his credit.

Next, I would like to thank Mr. Shimelis Mebratu, an expert on SPSS, for assisting me with statistical tests and interpretations by granting me his precious time without hesitation.

I also thank the office of K.A.M PLC, the management and all the respondents participated in the study, for kindly responding the questionnaire and interview and helping me get all the necessary materials and information needed for the study.

Lastly but not least, I would like to thank my family, mother, father, Rose, Sol, and the love of my life: Sara, for their endless support that resulted into the courage in doing and accomplishing this work.

I further wish to thank several individuals (Mr. Admasu, Mr.Abraham, Mis. Zion and Mr.Chobe) who provided various assistances to the accomplishment of this thesis, may God bless you all.

## **Acronyms and Abbreviations**

**ACAS** -- Advisory, Conciliation and Arbitration Service

**CIPD** -- Chartered Institute of Personnel & Development

**HRD** -- Human Resource Department

**HRM** -- Human Resource Management

**HRMP**--Human Resource Management Professional

**IT**-----Information technology

**K.A.M**--Kassahun Abraham Mulugetta

**POS** ---- Point of sale

**SET**----Social exchange theory

**REBS** -- Review of Business and Economics Studies

**SOP** -- --Standard Operation Procedures

**UK**-----United Kingdom

<b>LIST OF TABLES</b>	<b>Page</b>
Table 4.1: Turnover trend at K.A.M PLC.....	27
Table 4.2: Turnover trend of departments in K.A.M PLC .....	27
Table 4.3: Demographic data of respondents at non-managerial level.....	29
Table 4.4: Demographic data of respondents at managerial level.....	31
Table 4.5: Response rate of respondents at non managerial level on work load.....	32
Table 4.6: Response rate of respondents at non managerial level on job stress .....	33
Table 4.7: Response rate of respondents at non managerial level on working time.....	34
Table 4.8.: Response rate of respondents at non managerial level on training new staff members.....	35
Table 4.9: Response rate of respondents at non managerial level on employee performance.....	36
Table 4.10: Response rate of respondents at managerial level on wastage of resources.....	37
Table 4.11: Response rate of respondents at managerial level on Efficiency of the organization .....	38
Table 4.12: Response rate of respondents at managerial level on Service provision and Delivery.....	39
Table 4.13: Response rate of respondents at managerial level on loss of customers. ....	40
Table 4.14: Response rate of respondents at managerial level on profitability .....	41
Table 4.15: Response rate of respondents at managerial level on goodwill and reputation ...	41
Table 4.16: Response rate of respondents at managerial level on competitiveness .....	42
Table 4.17: Cronbach's Alpha-Reliability Test.....	43
Table 4.18: Hypothesis test: association between staff turnover and Perceived employee performance .....	44
Table 4.19: Hypothesis test: association between staff turnover and perceived organizational effectiveness .....	45

**LIST OF FIGURES**

**Page**

Figure 2.1: Conceptual Framework ..... 20

Figure 4.1: Staff turnover rate in K.A.M PLC.....28



## **ABSTRACT**

*This study intended to assess the impact of staff turnover on employee performance and organizational effectiveness at K.A.M PLC. The study was conducted with the following objectives: To assess the impact of high staff turnover on employee performance and organizational effectiveness in K.A.M PLC; investigate and describe the contributing factors for high staff turnover in K.A.M PLC and finally recommend strategies that can be used to reduce high staff turnover in K.A.M. PLC. The Data was collected through Documentary Review, Questionnaires and Interviews which allowed respondents to express their views concerning the impact of high staff turnover on employee performance and organizational effectiveness at K.A.M PLC. The research design used in this study was mixed approach, which allowed the researcher to use the combination of qualitative and quantitative approaches by providing a more complete understanding of a research problem than either approach alone. No sampling was used due to the small number of the population. The study finding suggests that salary dissatisfaction, poor working environment and conditions, lack of carrier advancement and engagement were among the contributing factors for high staff turnover in K.A.M PLC. The findings highlighted that high staff turnover increases work load, stress, working overtime, and training new staff members resulted in diminished productivity and performance on existing employees of K.A.M PLC. Furthermore the study highlighted that high staff turnover has negative effect on the goodwill, reputation, profitability, productivity, and competitiveness of K.A.M PLC. The recommendations highlighted that the management should change the working environment and conditions, engage employees in decision making, appreciate their inputs, improve the leadership style and culture of the organization. The study also recommended that the management should develop and implement strategies to minimize high staff turnover and retain employees. The study concludes with directions for future researches.*

*Keywords: impact, factor, strategy, contribute, staff, performance, effectiveness*

# CHAPTER ONE

## INTRODUCTION

This chapter comprises background of the study, statement of the problem, research objectives, research questions, research hypothesis, significance, scope, limitation and organization of the study.

### 1.1 Background to the Study

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize staff turnover. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover Kevin *et al.*, (2004). Hence the need to develop a fuller understanding of the employee turnover, its impact, effects and how to put strategies in place to solve this problem is becoming an important issue. Many terminologies like employee turnover, staff turnover, labour turnover etc. are being used to deal with the issue of turnover and its impact.

According to Abassi *et al.*, (2000) employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. Also, Price (1977) defined turnover as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. In a human resources context, employee turnover, staff turnover or labour turnover is the rate at which an employer gains and losses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door." Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High staff turnover is harmful to existing employee's performance and a company's effectiveness if skilled workers are often leaving. Staff turnover can be caused through an employee being dismissed from the organization, an employee resigning from the organization or an employee retiring. Reasons for turnover can be due to both internal and external factors and will vary between different groups of employees and the individual employees themselves.

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

### **1.1.1 Background of the Company**

Just like any organization in privately owned company, K.A.M PLC has experienced Employee turnover as a critical human resource issue. K.A.M PLC is founded in 1998 E.C. with the aim of participating in small business activities like selling different household and construction materials in Ethiopian market by renting part of a building. It had only 8 employees including the owner as a general manager. The company had no formal structure and was performing its activity simply by traditional way of management. Since then the Company grown fast and as a result built its own building and several warehouses. In 2005 E.C, the number of employees of K.A.M PLC grew to 27. In 2006 E.C, the company started importing and distributing Indian brand Ceramic tiles. Currently K.A.M PLC has 113 employees working in Mekanisa area where the headquarter situated, with several branch sales offices and warehouses around Addis Ababa.

The objective of K.A.M PLC is adding value to the existing business activities by providing efficient services to the customers through effective handling of customer orders through a given time, expansion, market leadership, brand building and making a profit thereof. Currently K.A.M PLC is preparing to participate in different areas of business activities like giving transportation service from port of Djibouti to Addis Ababa, apartment rental service and exporting cereal crops to the Middle East and other countries. Furthermore, the company has a long term plan to build its own Ceramic and Plastic Pipe factories around Dukem and Debrezeit respectively and expected to finish these projects in the year 2013 E.C. The company's man power is also expected to reach around 850 employees by the same year as stated in its strategic plan. If these business activities are not up to standard, customers will not be satisfied and the company will fail to achieve its desired goals and objectives. Moreover, K.A.M PLC experiences a major problem of staff turnover which impacts the performance of its employees and as a result, its effectiveness. K.A.M PLC, as a privately owned company, carries out its missions by a number of departmental units and branch offices. Service is delivered to customers through a network of different offices situated in Addis Ababa.

According to the company records, it is among the fast growing companies in the country and its customers were growing due to its service through successful stakeholder relationships, collective and collaborative solution finding, empowerment, flexibility and creativity. However, K.A.M PLC is facing with inefficient employee performance due to the turnover rate that has continued affecting the image of the Company in the provision of services to its clients. This also put its shadow on the company's long term plan to expand its business activities. One of the problems experienced by the company is the high rate of staff turnover. K.A.M PLC loosed some of its skilled staff members to better paying corporate organizations. Staff turnover also placed unnecessary pressure on staff members who were at work. The remaining staff is experiencing an increased workload leading to low morale, high levels of stress and therefore absenteeism. Employees also have to work extra hours to compensate for the work of those who resigned (Robbins and Decenzo, 2001:24). K.A.M PLC was experiencing these problems due to high staff turnover. K.A.M PLC's goal is to grow its business in Ethiopia, and other selected countries. The Company is well financed and has a strong, experienced and operationally focused, management team. Since 1998 E.C, K.A.M PLC has successfully transitioned from being a focused small business entity into a growing medium business entity, while still maintaining an emphasis on expansion. The Company expects to grow its business activity with a continuing focus on growth and expansion from the exploration and development of existing assets.

## **1.2 Statement of the problem**

High employee turnover has become a problem for private organizations. Well experienced and qualified professionals leave position they held in private company offices. K.A.M PLC is one of the victims of this high employee turnover. The decline or effectiveness of K.A.M PLC in providing its quality services is highly dependent up on the human resources, to achieving goals and fulfill their mission and need effective human resource. This study is considered employee's turnover as a problem and aims at identifying employee's perceived performance and organizational effectiveness. There are sizable costs associated with employee turnover separation pay, the expense of recruiting, selection, and training and so forth. Besides loss in money and time, the company also losses in terms of some indirect costs like lowering of existing employee morale that may be due to increased work or due to the arousing dissatisfaction with the institutions. Once a company finds and hires new employee, it still experiences flagging the quality of work while the employee learns his or her new job. In other words, its costs the institution money every time an employee leaves because it takes even more time and resources to return to the same level of performance that the company had before.

Currently K.A.M PLC is facing a frequent turnover of employee, and as such high turnover is costing the company in terms of money and time. The turnover rate in the year 2012/13 was 16.85 %, in the year 2013/14, 25.26% and in the year 2014/15 the turnover rate was 34.87% respectively. This shows that K.A.M PLC was facing a great danger of turnover, which was becoming higher every year. Employees are important stakeholders in the organization, unfortunately after scarce resources have been used in recruiting, training and developing, they leave the company for other companies. Employee turnover has drained scarce resources of K.A.M PLC, as the services of the lost employees are no longer available to be utilized. The problem of staff turnover raises a lot of concern in the company. The risen level of staff turnover implies some job dissatisfaction. However, there is need to obtain an empirical evidence, by conducting an investigation, as to the nature of employee turnover on employees perceived performance of and the company's effectiveness as well, to reach in to an appropriate conclusion. Therefore, this research attempts to examine/survey what are the implication of staff turnover on employee's perceived performance and organizational effectiveness in K.A M PLC.

### **1.3 Research Questions**

In relation to the purpose of the study, the following research questions have been formulated to help find possible solutions or to serve as a guide to the study.

1. What implication has staff turnover on employee's perceived performance in K.A.M PLC?
2. What implication has staff turnover on employee's perceived organizational effectiveness in K.A.M PLC?
3. What perception does an employee at non-managerial level has on high staff turnover in K.A.M PLC?
4. What perception does the management has on high staff turnover in K.A.M PLC?

### **1.4 Objectives of the Study**

The general objective of this research was to analyze the impact of staff turnover on employee performance and organizational effectiveness. The specific objectives were to:

1. Describe the implication of staff turnover on employee's perceived performance in K.A.M PLC.
2. Describe the implication of staff turnover on employee's perceived organizational effectiveness in K.A.M PLC.
3. Examine the perception of employees at non-managerial levels on staff turnover in K.A.M PLC.

4. Examine the perception of employees at non-managerial levels on staff turnover in K.A.M PLC

### **1.5 Hypothesis of the Research**

The following hypotheses were formulated for the study:

Hypotheses 1 - H01:

Ho0. There is no significant association between the implication of staff turnover and perceived employee performance.

Ho1. There is significant association between the implication of staff turnover and perceived employee performance.

Hypotheses 2 - H02:

Ho0. There is no significant association between staff turnover and employees perceived organizational effectiveness.

Ho1. There is significant association between staff turnover and employee's perceived organizational effectiveness.

### **1.6 Significance of the Study**

Giving the ongoing nationwide discussion on staff turnover rate in the privately owned business sector, the research will give readers insight on the implication of staff turnover to employee perceived performance and organizational effectiveness in the privately owned business sector. Observing K.A.M PLC and its critical problems with regard to staff turnover led the researcher to develop this specific study. organizations" (p.23). As cited by Morell, Loan-Clarke and Wilkinson (2004) in lee and Mitchell's (1994) study, there is no standard account for why people choose to leave an organization. Despite the growth in privately owned business in many countries, studies on it are often neglected.

The study will serve as a springboard for further research on the privately owned business as it will uncover problems and issues found in other sectors of the business industry that may need immediate attention. It will be useful to the government as well since staff turnover and its implications are not only limited to private companies, but also government organizations face it as well, which will also help the government in formulating policies and regulations. It will be especially useful to human resource personnel and management at privately owned business sector, K.A.M PLC to be precise, in the sense that it would be a source of information, for management to check employee turnover in the company so as to improve on its efficiency and effectiveness.

Also, the study will be useful to workers in general at K.A.M PLC to curb the negative perceptions they have about the job and create a positive attitude towards the job. To educate them on the variables that brings about the intent to leave and suggest ways to solve them upon its happening.

It will also be useful to the academia as it will add on the existing knowledge on the continued turnover rate in the country and its impact on employee performance and organizational effectiveness as well.

### **1.7 Scope of the Study**

This study was conducted on the implication of staff turnover to employees' perception and organizational effectiveness at K.A.M PLC in Ethiopia. All employees working in K.A.M PLC offices who served from one year to 16 years and above were included in this study, because to assess the perception of employees regarding the implication of staff turnover on their performance and the effectiveness of the company they work for, they should know the environment and evaluate their performance for at least one year period. The findings of this study are useful in addressing problems associated with staff turnover in K.A.M PLC.

### **1.8 Limitation of the Study**

Due to the researchers personal relation with the workforce of the company, it has been identified that, some of the workforce has ordinary level certificate, senior secondary school certificate and junior secondary school certificates, so they may find reading and interpreting the questionnaires which was distributed to them to answer difficult. Therefore the questionnaire will have to be read and explained to them and their responses noted, before the researcher can get their point of view, or what they really mean.

Collection of data for the study was through the questionnaire and there might be the fear in employees to honestly provide the accurate circumstance as it existed in the company. This fear might be backed by the reasonable belief that if they give out any information that is not in favor of the company they might penalized. Also, there is the tendency that senior management might not give precise information for the fear of disclosing the company's efficiencies to the general public. Also there are numerous of issues that can be looked, the research has been limited to the implication of turnover on employee performance and organizational effectiveness in K.A.M PLC due to time constraint, resources and proximity of research areas.

There are so many aspects of staff turnover, some of which are related to the cause, employee intent, relationship between organizational commitments. Others are related to the job itself. These might include job satisfaction, motivation, holidays and annual leaves.

### **1.9 Organization of the Study**

The study is made up of five chapters. The first chapter which is the introduction is made up of background to the study, statement of the problem, objective of the study, significance of the study, research questions and hypotheses. The rest are scope of the study, limitations of the study, and organization of the study. Relevant literature on the study was reviewed in chapter two, dealing with ideas of some researchers and authors on related studies. Chapter Three looks at the procedure used for the collection of data as well as data analysis plan. It deals also with the methodology of the study. Chapter Four, basically presents the data findings and analysis part. Summary of major findings, conclusion and recommendations were stated under chapter 5.



## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter reviews the relevant literature with particular reference to the subject matter of this dissertation and the concept, contributing factors and the impact of staff turnover on employee performance and organizational effectiveness. Over the years there have been thousands of research articles exploring the various aspects of staff turnover, and in due course several models on intentions and attitude of employees on turnover which have been promulgated as well as its impact on employee performance and organizational effectiveness. In this chapter attention will be focused on what staff turnover is, contributing factors for high staff turnover, its impact on employee performance and organizational effectiveness, followed by a discussion on strategies that can be used to reduce high staff turnover.

#### **2.1 Staff Turnover: Definition and Concepts**

Staff turnover can be defined as the movement of labour out of and into a working organization (Lashley, 2000). Another definition may be simply stated as when an employee leaves an organization for whatever reason/reasons. Turnover can take several forms. It can be voluntary or involuntary, functional or dysfunctional, avoidable or unavoidable, internal or external, skilled or unskilled. In voluntary turnover, an employee leaves the organization with his own free choice with some of the possible reasons being: low salary, job dissatisfaction or better job opportunities elsewhere whereas involuntary turnover takes effect when the organization makes the decision to remove an employee due to poor performance or economic crisis (Aksu, 2004). In addition, Price (2001) said that voluntary turnover can be termed as avoidable turnover and involuntary turnover as unavoidable turnover.

However, most studies have focused on voluntary rather than involuntary turnover (Wright, 1993). This suggests that voluntary turnover is a critical issue for both employees and organizations. Dysfunctional turnover is the exit of high performing employees which are hard to replace their skills and which erode the company's work force and leads to high turnover cost. Functional turnover is the exits of poor performing employees whose talents can be replaced easily. Avoidable turnover is caused by reasons which an organization can solve with certain measures. For employees who leave their job because of reasons like job dissatisfaction, mismanagement, benefit packages etc, can be retained through improving those gaps while Unavoidable turnover is caused by reasons which an organization has little or no control over it, (David, 2008).

### **2.1.1 Turnover Intentions**

Staff Turnover is very difficult to predict and questions remain unanswered as to why actually employees leave. Turnover intention refers to an individual's estimated probability to leave his or her current organization at some point in the near future (Brough & Frame, 2004). It is argued that intention to quit is a strong surrogate indicator for actual quitting behavior (Firth *et al.*, 2004). Price and Muller (1981) recommended the use of turnover intention over actual turnover because the latter is more difficult to predict as there are many external factors that affect turnover behavior. According to Moore (2002), while actual quitting behavior is the main focus of interest to many researchers, intention to quit is argued to be a strong surrogate variable. Additionally, Asegid (2007) states that turnover intention can be a better barometer of management practices than actual turnover.

Khatri *et al.* (2001) gave the example that it is possible that despite high turnover intention, actual turnover may be low due to high unemployment in an industry. Again, Firth *et al.*, (2004) stated that intentions do not equal behavior and therefore all reported intentions to quit are really little more than „talk“ until they are acted on. But Greenhaus (1992) agreed that intentions to quit may be the best predictor of actual quitting behavior. Additionally, Brough and Frame (2004) in their study identified job satisfaction and organizational commitment as variables that seem to influence turnover intentions. Job dissatisfaction stimulates the thought of quitting which elicits assessments of the utility of seeking other employment. Work-related factors such as work stress can cause burnout, which in turn can lead to depression. In most studies, role stressors produce an intention to leave through mediator variables. For example, previous studies have examined the effect of role stressors including role conflict, role ambiguity and role overload on anxiety and commitment (Glazer & Beehr, 2005); and the impact of role stressors (mediated by job satisfaction and emotional exhaustion) on turnover intention (Hang-yue, Foley & Loi, 2005).

### **2.1.2 Measuring Staff Turnover**

The commonly used formula to calculate a basic turnover rate for any given period is described as shown below by the United Kingdom based Chartered Institute of Personnel & Development (CIPD) 2006 report. ([www.cipd.co](http://www.cipd.co)).

$$\frac{\text{Total number of leavers over a period}}{\text{Average number of employee's employed over a period}} \times 100$$

However, Loquercio, (2006; 4) suggest that number of leavers should encompasses all leavers, including people who left due to dismissal, redundancy, or retirement, but it typically excludes those leaving at the end of fixed contract. The main purpose of excluding fixed term employees from the calculation is that it does not indicate the real problem of the organization. The above total figure includes all leavers, employees who leave voluntarily, dismissal, redundancy or retirement. Measuring employee retention rate and the costs of turnover to the organization is vital in delivering a quality training case for thorough and effective recruitment and retention initiatives. This costing can be a part of performance appraisal ratings especially for line managers and gain top management support for employee management activities. However, it is not all turnovers that attract costs to the organization; some are indeed beneficial and cost effective. This study was focused on voluntary turnover and its impact on existing employee performance and organizational effectiveness.

## **2.2 Staff Turnover and Employees' perceived performance**

Employee Perceived Performance can be affected by staff turnover at different stages. This study divided these factors as factors occurring due to recruitment and orientation, the working environment and due to employee engagement practice

### **2.2.1 Recruitment and Orientation**

How institutions recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down, (Lochhead C. & Stephens A. 2004). Bad hiring decisions may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which she or he is hired. Researches confirmed that good employee retention is in part a result of a good "fit" between an organization's workplace culture, its way of training and service and the qualities that it espouses as valuable and the interests, character, and motivations of the individuals that exist within it. In terms of recruitment, institutions should therefore put an emphasis on not only evaluating formal qualifications, job-relevant technical ability, etc., but also more general types of qualifications and dispositions on the part of the recruit. If work in the institution involves being part of a highly cohesive team, the institution may want to recruit individuals who are interested in and capable of working in such an environment. (Lochhead C. & Stephens A. 2004). Including one's employees in helping to evaluate candidates may also be particularly effective with respect to retention in workplaces where team-based work is the norm (Meyer, 2003). Allowing employees to have a say in which they will be working with, and asking for their assistance in evaluating whether that person will be a good fit, may prove helpful in ensuring that the candidate not only has the requisite experience but will also be an effective member of the work team.

### **2.2.2 Working Environment**

Workplace environment includes not only the physical elements around the work area of an employee but also all things that form part of the employee's involvement with the work itself. World at Work, the Total Reward Association defines workplace environment as the total cluster of observable physical, psychological and behavioral elements in the workplace. A positive work environment is believed to make employees feel good about coming to work and provide the necessary motivation to sustain them throughout the day. This observation is echoed by Wells & Thellen (2002), who stress that organizations offering suitable levels of privacy and sound controls at the work place thereby improving levels of motivation and commitment in employees have an, increased ability to satisfy and retain employees. Heneman (2007) also does allude to the fact that one of the most crucial elements of any organizations total reward strategy is having a positive work environment. Employee retention issue stepped up to the level of being considered as a strategic business issue .This position is aptly captured by Barbara (2002) statement that, In today's turbulent workplace, a stable workforce becomes a significant competitive advantage and that if an organization has unstable workforce conditions, its forced to invest a lots of money in recruiting, orienting, training, overtime and supervision which comes right off the organizations bottom- line.

When retention rates are low, extra time and money are spent on recruiting, selecting and training new employees that could have been spent on other activities like performance improvement or career development of employees (Abbasi, 2000). Therefore given the critical importance of employee retention to the performance and survival of organizations, human resource professionals are expected to regularly re- evaluate their existing reward strategies and programs to ensure that they address the employees' preferences for improved motivation and commitment. Providing jobs which are satisfying, clear career development opportunities, as much autonomy as is practicable and above all competent line management are some of the factors that play significant role in employee retention (Torrington *etal.*, 2008). Other strategies believed to enhance employee retention include reward professionals: making counter- offers, increasing new hire offers, offering more frequent exceptions to reward policies and programs and making attempts to "handcuff" key employees to the organization by offering stock options and other programs that make it difficult to leave the environment (Scott *etal.*, 2012). Other factors like organizational culture and leadership can also contribute to a staff turnover.

Examination of the literature in the domains of both organizational culture and human resource management reveals that the objective of generating employee commitment is common to both concepts, “in the hope of achieving desired behavioral outcomes, low labour turnover and high job performance” (Legge, 2005: 215). Organizational culture was found to have an effect on organizational behavior and may be proposed as a potential moderator of voluntary turnover. Tziner *et al.*, 2012, in their study hypothesized the moderating effects of the dimensions of organizational culture on the relationship between Organizational Citizenship Behavior (OCB) and turnover intentions. Leader’s decisions also highly influence turnover intent.

The perception of the leader’s decisions combined with moderating variables including job satisfaction and tenure was the interaction of interest regarding the effect to employees’ intent turnover employment. Focusing the direction of the research to an organization in the service industry with skilled and knowledgeable workers added another facet to the discoveries by Pettijohn *et al.*, (2008) regarding the sales industry ethical behavior of managers, how the behaviors affected employee perceptions, and turnover intentions. The ideas proposed by Goldman and Tabak (2010) were important to the research, because of the description of how an organization can increase job satisfaction by fostering an ethical climate in the workplace through effective leadership.

Working hours and conditions also highly contribute to a staff turnover. Kim (2000) categorized work time positive and negative, any amount of work time used to cover a gap created by a fellow staff quitter whether positive or negative, may be an indicator of lost productivity. Most people may not experience serious negative effects after one night of work, but problems can emerge following a series of consecutive overtime works. These include fatigue, decreased productivity and emotional exhaustion (Knauth & Hornberger, 2003). Working condition includes some environmental factors, which contributes either positively or negatively to achieving maximum employees’ productivity (Elywood, 1999). The factors that contribute either positively or negatively to employee productivity are temperature, humidity and airflow, noise, lighting, employee personal aspects, contaminants and hazards in the working environment, types of sub environment. Bornstein (2007) states that, in organizations where employees are exposed to stressful working conditions, productivity is negatively influenced and that there is a negative impact on the delivery of service. On the other hand if working conditions are good, productivity increase and there is a positive impact on the delivery of service.

### 2.2.3 Employee Engagement Practice

In the only study to empirically test Kahn's (1990) model, May *et al.*, (2004) found that meaningfulness, safety, and availability were significantly related to engagement. They also found job enrichment and role fit to be positive predictors of meaningfulness; rewarding coworker and supportive supervisor relations were positive predictors of safety, while adherence to co-worker norms and self-consciousness were negative predictors. Resources were a positive predictor of psychological availability, while participation in outside activities was a negative predictor. Overall, meaningfulness was found to have the strongest relation to different employee outcomes in terms of engagement. An alternative model of engagement comes from the „burnout“ literature, which describes job engagement as the positive antithesis of burnout, noting that burnout involves the erosion of engagement with one's job (Maslach *et al.*, 2001).

They argue that job engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work. Like burnout, engagement is expected to mediate the link between these six work-life factors and various work outcomes. May *et al.*, (2004) findings support Maslach *et al.*, (2001) notion of meaningful and valued work being associated with engagement, and therefore it is important to consider the concept of meaning. According to Holbeche and Springett (2003), people's perceptions of meaning with regard to the workplace are clearly linked to their levels of engagement and, ultimately, their performance. They argue that employees actively seek meaning through their work and unless organizations try to provide a sense of meaning, employees are likely to quit. Holbeche and Springett (2003) argue that high levels of engagement can only be achieved in workplaces where there is a shared sense of destiny and purpose that connects people at an emotional level and raises their personal aspirations. Kahn's (1990) and Maslach *et al.*, (2001) models indicate the psychological conditions or *antecedents* that are necessary for engagement, but they do not fully explain why individuals will respond to these conditions with varying degrees of engagement. According to Saks (2006), a stronger theoretical rationale for explaining employee engagement can be found in social exchange theory (SET). SET argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence.

A basic principle of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain rules of exchange (Cropanzano and Mitchell, 2005). Such rules tend to involve reciprocity or repayment rules, so that the actions of one party lead to a response or actions by the other party. For example, when individuals receive economic and socio-emotional resources from their organization, they feel obliged to respond in kind and repay the organization (ibid). Saks (2006) argues that one way for individuals to repay their organization is through their level of engagement. In other words, employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization. Bringing oneself more fully into one's work roles and devoting greater amounts of cognitive, emotional, and physical resources is a very profound way for individuals to respond to an organization's actions, as suggested earlier by the work of Kahn (1990). Thus, employees are more likely to exchange their engagement for resources and benefits provided by their organization.

In summary, SET provides a theoretical foundation to explain why employees choose to become more or less engaged in their work and organization. In terms of Kahn's (1990) definition of engagement, employees feel obliged to bring themselves more deeply into their role performances as repayment for the resources they receive from their organization. When the organization fails to provide these resources, individuals are more likely to withdraw and disengage themselves from their roles. Thus, the amount of cognitive, emotional, and physical resources that an individual is prepared to devote in the performance of their work role maybe contingent on the economic and socio-emotional resources received from the organization. Whilst some argue that employees are engaged if they have a positive attitude towards work, others such as Purcell *et al.*, (2003) suggest that employee engagement is only meaningful if there is a more genuine sharing of responsibility between management and employees over issues of substance. The CIPD survey conducted by Truss *et al.*, (2006) suggests that strengthening employee voice can make a difference to organizational performance. Employee voice can be defined as the ability for employees to have an input into decisions that are made in organizations (Lucas *et al.*, (2006). It has been argued that one of the main drivers of employee engagement is for employees to have the opportunity to feed their view upwards (Truss *et al.*, 2006). Their survey concluded that currently many organizations are not very successful in doing this and as a result many employees felt they lacked opportunities to express their views and be involved in decisions.

Research by Robinson (2006) suggests there is considerable evidence that many employees are greatly under-utilized in the workplace through the lack of involvement in work-based decisions. Employee involvement is seen as a central principle of soft HRM, where the focus is upon capturing the ideas of employees and securing their commitment (Beardwell and Claydon 2007). The concept of employee involvement is strongly grounded in unitary views of organizations, as it assumes that managers and employees have the same interests. Critics have argued that employee involvement has management firmly in control and very limited real influence is given to employees (ibid). Hyman and Mason (1995) argue that employee involvement schemes “extend little or no input into corporate or higher level decision making” and generally do not entail any significant sharing of power and authority. Similarly, Blyton and Turnbull (2004:272) argue that employee involvement is soft on power.

However, Purcell *et al.*, (2003) study found involvement in decisions affecting the job or work to be an important factor, which was strongly associated with high levels of employee engagement thus demonstrating it is an important driver. In any work role or situation, employees have a degree of choice and discretion over how they perform their tasks and responsibilities (Robinson 2006). Furthermore, Appelbaum *et al.*, (2005:25) argue that, “in any formal system of work controls, some effort remains that workers contribute at their discretion”. The behaviors required by a work role can be specifically defined and offer little choice in the way the work is done as in the case of an assembly line operative required to routinely and repetitively perform a simple set of tasks. Alternatively, work role behaviors can command the use of a considerable amount of discretion in the way the job is performed as in the case of senior managers (Robinson 2006). According to Fox (1974), scientific management focused on limited discretion. Such methods of managing employees involved breaking down jobs into simple component elements, prescribing the way in which tasks were performed, providing close supervision and bureaucratic rules and regulations which served to create a mutually reinforcing cycle of low trust relations.

Robinson *et al.*, (2004) identified key behaviors, which were found to be associated with employee engagement. The behaviors included belief in the organization, desire to work to make things better, and understanding of the business context and the bigger picture, being respectful of and helpful to colleagues, willingness to go the extra mile” and keeping up to date with developments in the field. Recent research suggests that high-involvement work practices can develop the positive beliefs and attitudes associated with employee engagement, and that these practices can generate the kinds of discretionary behaviors that lead to enhanced performance (Konrad 2006).



High involvement workplaces use “a system of management practices giving their employees skills, information, motivation, and latitude and resulting in a workforce that is a source of competitive advantage” (Guthrie 2001:181). According to Lawler and Worley (2006) for a high-involvement work practice to be effective and for it to have a positive impact on employee engagement, employees must be given power.

They argue this will lead to employees having the ability to make decisions that are important to their performance and to the quality of their working lives, thus engaging them in their work. Furthermore, Lawler and Worley (2006) contend that power can mean a relatively low level of influence, as in providing input into decisions made by others or it can mean having final authority and accountability for decisions and their outcomes. Involvement is maximized when the highest possible level of power is pushed down to the employees that have to carry out the decision, resulting in gaining the maximum level of engagement possible from employees. These issues will have a negative effect on organizations as these costs (direct and indirect) will definitely weigh on the organization financially and in terms of performance Kiflom. (2009). These are some of the major reasons why companies need to keep its employees satisfied and happy via potential strategies. As these issues might have a negative effect on the organization.

As analyzed by Martin (2003, pg. 392) employees and firms both feel the impact of employee turnover. Staffs experience disruption in the workplace, the urge to find distinctive career prospects and to learn specific job proficiency. Organizations endure the disruption of production, loss of job specific skills and incur the costs of hiring and training new workers. However, new employees may possess better education and have greater initiative and be more talented than those leave. This emphasizes that employee turnover indeed has both positive and negative impacts, the employers needs to know when to either let go, retain its employees or whether to employ new staffs although various factors influence this decision, the decision is still important and has effects on the performance of the organization.

Many researchers have attempted to understand the effects of employee turnover to organizations, to know if it's of destructive effect or whether employees are disposable assets which should be taken seriously. The negative effect of turnover has been studied by various literatures, and it has been said to lead to adverse effect on the organization, these effects are employee separation, replacement and training costs, reduced output and productivity and also disruption to business operations (Dalton *etal.*, 1982). Despite the enormous research and surveys which have been done on this topic, there is no universal accepted framework for this premise (Lee and Mitchell, 1996).

(Deloitte, 2011) argued that if employee turnover can indeed have an important impact on the productivity of a company, contrary to the belief that it cannot as it has been envisaged to have an adverse effect. This may be so as some employees may not be performing to the expected level and thus may lose their jobs and it might be better replacing them despite the high cost of recruitment and replacement. It is necessary that managers redirect resource expenditure so that the inconvenience and disruption of employee turnover can be controlled. Many studies point out that turnover impacts are avoidable given that strategies are implemented through direct intervention. Staff Turnover definitely has a significant impact on employees' performance and organizational effectiveness, identified through the research on this topic. High Staff turnover could lead to work load, diminished productivity on employees and the loss of critical information and intellectual personal is very expensive an advantage to competitors who eventually employ these staffs.

#### **2.4 Strategies to Minimize High Staff Turnover**

Strategies on how to minimize employee turnover, confronted 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 diagnosis 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 *etal.* (2002). Therefore; 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, providing 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, 2004; Basta and Johnson, 2001; Garden, Parden, 2006; Sherman, 2003). With increased competitiveness on- globalizations, managers in many organizations are experiencing greater pressure from top management to 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, 2000). 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, 2001; Couger and Kawasaki, 2003; Garden, 2001; Goldstein and Rockart, 2004). These include the five core job characteristics identified by Hackman and Oldham (2008): 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 impact on the lives or work of other people, whether within or outside the organization.

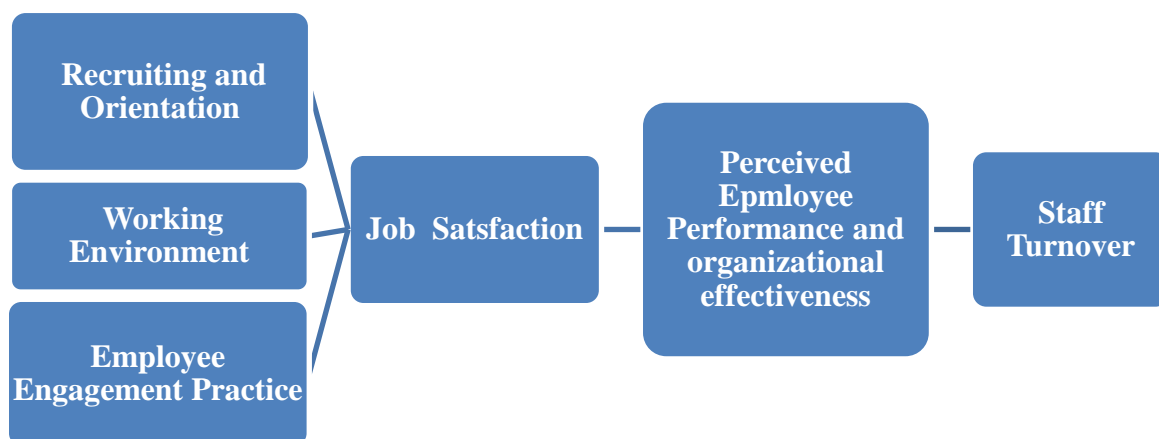
Job autonomy, or the extent to which the job provides working freedom, independence, and discretion in scheduling work and determining procedures that the job provides; and job feedback, which refers to the extent to which the job provides information about the effectiveness of one's performance (Tor *et al.*, 2000). 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, 2001; Brooke and Price, 2003; Brooke et al., 2006; Kanungo, 2004). Job involvement has also been found to be negatively related to turnover intentions (Blat and Boal, 2003). 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, 2001). 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, 2001; Porter *et al.*, 2003; Williams and Hazer, 2005).

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., 2006). 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, 2007) Managers act like coaches and help employees solve problems. Employees, 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, 2007). All these makes employees to be committed to the organization and chances of quitting are minimal.

## **2.5 Conceptual Framework**

The conceptual frameworks for the study taken perceived employees' performance and organizational effectiveness as dependent variables and, Recruitment and orientation, work place environment and employee engagement practice were taken as an independent variable while Job satisfaction was taken as a mediating factor for perceive employee performance and organizational effectiveness and for staff turnover.

Those independent variables if not managed and implemented properly, it may lead to staff turnover and further may impact staff turnover negatively. Those independent variables can be seen as avoidable variables. Addressing these issues could also be considered as addressing their effect on employee perceived performance and organizational effectiveness which were the dependent variable. Employee's performance and organizational effectiveness are highly related. Decline in employee performance will affect organizational efficiency. Decline in organizational effectiveness also affects the perceived performance of employees by putting unnecessary burdens and workloads to make it effective. This also further leads to dissatisfaction and intention to quit. Job satisfaction plays a major role by linking these dependent variables, hence dissatisfied employee cannot perform with her/his full capacity and an organization with unsatisfied employees cannot perform effectively. Job satisfaction results from those independent variables. The outcome of job dissatisfaction might be an intention to quit and if those independent variables are not managed properly, the intention to quit commences into an actual quit.



Source : *Interdisciplinary Journal of contemporary Research in Business Vol. 4, No.9, 2013*

**Figure 2.1: Conceptual Framework**

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter discusses the method used in collection of data. It specifically takes a critical look at the research design, research instrument, and data collection procedure and data analysis plan.

#### **3.1 Research Design**

The researcher used mixed methodology in the design of the study. Mixed method is a philosophical assumption that integrates qualitative and quantitative research approaches within a single subject. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone. Furthermore, this decision is supported by the rationale of availing the merits and overcoming the demerits of both approaches as discussed by Creswell (2003), the use of multiple data sets can inform the research, by yielding insight and methodological changes that improve the study and strengthen findings as well as collecting diverse data which best provide an understanding of a research problem.

The study therefore used exploration and descriptive design. Descriptive research is intended in this study because of its relevance in the field of social studies. The use of this method in this study helped in describing and exploring as much as possible what occurred in the organization as a whole and also describing how employees cope with the work they do and the nature of employment contract. Fraenkel and Wallen (2000) also opines that in using descriptive research which is a survey research, obtaining answers to a set of carefully designed and administered questions to a large group of people lies at the heart- of a survey research. The researcher used a descriptive survey method for the collection and analysis of the information in order to answer the questions which were posed. According to Polit and Hungler (1995), descriptive survey aims at describing, observing and documenting aspects of a situation as it occurs rather than explaining them. This design has advantage of producing a good amount of responses from a wide range of people. Descriptive survey involves asking the same set of questions of a large number of individuals either by telephone, mail or in person. This design provides an accurate picture of events and it also seeks to explain people's perceptions and behavior on the basis of data gathered at a point in time. It is also important to note that this design is appropriate when a researcher attempts to describe some aspects of a population by selecting unbiased sample of individuals who are asked to complete questionnaires, interview or tests.

Fraenkel and Wallen (2000) added that, a significant advantage of a descriptive survey is that it has the potential to provide a lot of information obtained from quite a large sample of individuals. In using descriptive survey one must be critical about the questions in that they should be clear and not misleading. This is because descriptive survey results can vary significantly depending on the exact wording of questions. The results produced by this design can however be unreliable because the questions which are normally asked seek to delve into private matters of the respondents and respondents may not be completely truthful about the response (Fraenkel and Wallen 2000). Fraenkel and Wallen (2000) further stated that questionnaires require subjects who can articulate their thought well and sometimes put such thoughts in writing. It is again very difficult to get all the questionnaires completed for meaningful analysis to be made on them. Though this difficulties and disadvantages exist, the descriptive survey design was considered the most appropriate for analyzing the nature and impact of employee turnover in K.A.M PLC.

### **3.2 Population**

The target population of the study consists of all junior and senior staffs which served 1 year and above in K.A.M PLC. This includes all categories of senior staff workers. K.A.M PLC was chosen for the study because the researcher would have easy access to the data. The accessible population was 90 employees from senior staff employee and junior personnel in K.A.M PLC. Management and senior staff employees were selected because they serve as key informants who could be of tremendous help in providing very vital information and other reference materials necessary for the study. No sampling method was used due to the small number of the population, which were 90 respondents.

### **3.3 Instruments of Data Collection**

The focus of this study was to describe the implication of staff turnover to employee's perceived performance and organizational effectiveness in K.A.M PLC as perceived by the employees. Data was collected from the management and employees. The instruments used by the researcher were document analysis regarding the turnover rate of the company, interview with the department heads and a questionnaire survey to employees who were working at the company.

#### **3.3.1 Document Analysis**

According to Marguerite, Dean, and Katherine (2006), documents are other forms of data collection tool.

Document analysis of three years', from 201/13 to 2014/15 was made to gather necessary information focusing on voluntary turnover to examine the rate of turnover in K.A.M PLC. Further data analysis was also made to get relevant information what action was taken by managers or prerequisites were taken on the employee left their job voluntarily.

### **3.3.2 Interview**

In interview, through direct personal investigation researcher collects data personally from the sources concerned. Kothari (2004) stated that, in an interview the interviewer on the spot has to meet people from whom data have to be collected. Interview helps generate in depth information and gives greater flexibility for questions, and is suitable for intensive investigations. All department heads from eight departments were participated in face to face interviews. The interview was designed in a way that more specific and truthful answers were got. This method helped the researcher to get additional information that was not provided by the questionnaires.

### **3.3.3 Questionnaire Survey**

The researcher developed and used a questionnaire to survey the views of the respondents. The use of questionnaire enabled a large number of respondents to be surveyed within a shorter period of time. In developing the questionnaire for the study, the researcher stacked to the rules that Kumar (2005) suggested.

A measure is considered reliable if a person's score on the same test given twice is similar. It is important to remember that reliability is not measured, it is estimated. Validity is also the strength of our conclusions, inferences or propositions. Cook and Campbell (1979) define it as the best available approximation to the truth or falsity of a given inference, proposition or conclusion. To ensure validity and reliability of the instrument, the researcher pilot tested the questionnaire. The pretesting helped in revealing ambiguous statements, poorly worded questions that might not be understood by respondents, unclear choices and double-barreled questions to be taken care of. The outcome of this exercise helped to modify the instrument so as to make it appropriate in collecting the desired data. Ten employees of K.A.M PLC were made to respond to the pilot survey instrument. SPSS version 16 computer software was used to analyze each section of the questionnaire for the strength of the reliability estimate. Cronbach's alpha was generated to establish reliability for all the items.



### **3.4 Procedures of Data Collection**

The researcher personally administered the questionnaire to the respondents. An introductory letter was written by the researcher (Appendix B) to the management of K.A.M PLC to officially seek permission for the employees to participate in the study. After permission had been granted the researcher briefed the employees as to what the study is about in order to get the needed attention, support and co-operation of the staff. The questionnaires were hand-delivered to all the respondents by the researcher. The researcher guided the respondents to complete the instrument. The assistance just involved the explanation of instructions or terminologies so as to get the most valid data for inclusion in the analysis. Respondents were given two weeks to complete the instrument. To ensure an effective return rate, follow up telephone calls as well as personal visits were made to encourage the respondents to complete the questionnaires. This led to a situation where all the questionnaires were retrieved giving a return rate of 100 percent.

### **3.5 Ethical Consideration**

According to Bryman and Burgess (Pg.535, 2003) ethical issues can't be ignored as there is a different relationship with and between them and the integrity of a piece of research and the disciplines that are involved. The research will be undertake universalism which has a position that ethics should not be broken as breaking ethical principles is damaging social relations and also immoral (Bryman and Burgess, 2003). Some of the ethical issues that should be considered are: Privacy of possible and actual participants, consent of participants, plagiarism and academic dishonesty of the researcher and confidentiality and anonymity of participants.

The researcher handled these issues by adopting the appropriate measures necessary in carrying out a dissertation. This research will be carried out using online interviews and questionnaires", an explanation of the research provided to the participants prior the interviews and filling of the questionnaires. As noted Saunders *et al.*, (2009) ethics can be characterized as the appropriateness of your conduct in connection to the privileges of those who are affected or who become the subject of your work. (Cohen, Manion, Morrison & Morrison, 2007) recognized three fundamental areas of ethical issues concerned with conducting interviews. These incorporate confidentiality, informed consent and consequences of the interview. Also, Diener & Crandall (1978) identified four major areas of principles including whether there is there is a lack of informed consent, whether there is harm to participants, whether deception is involved and whether there is an invasion of privacy. Cohen *et al.*, (2007) and Diener and Crandall's (1978) the researcher looked to check ethical issues, for instance, if the interviewee is aware of the possible consequences of the research, whether the informed consent of the interviewees had been given, the benefits of the research to the participants, that the research-

will be of no harm to the participants or others, who will own the data, who will have access to the data and so forth. The data acquired through the questionnaire will be utilized exclusively for the purpose of this project, the rules and regulations of the company will likewise be strictly stuck to and subjects will be given the information in detail about the intent of this research. The feedback and identities gotten via the questionnaires will be confidential. The reports will be disposed by the end of the project to ensure the secrecy of the data received. As indicated by Saunders, Lewis and Thornhill (2009), "anonymity and confidentiality" may be imperative in obtaining access to the employees and organization and it is more easily done in quantitative research.

### **3.7 Methods of Data Analysis**

The data collected were edited to eliminate any incomplete questionnaire. The valid questionnaires were coded to reflect their corresponding categories in accordance with the Likert 5 scale format questionnaire with the following scoring key: Strongly agree-1, Agree-2, Neutral-3, Disagree-4 and Strongly disagree-5; Afterward the scored questionnaires were analyzed using Statistical package for social science SPSS software version 16 . Since a descriptive survey was used in gathering data, it was prudent for the researcher to use the same descriptive method in analyzing the data that were obtained. Descriptive surveys do not typically require complex statistical analysis; however the researcher used Chi square analysis to test the research hypothesis. Chronbach's alpha test was also used to test the validity and reliability. The assistance of an expert on SPSS was used to perform statistical tests.

## **CHAPTER FOUR:**

### **DATA PRESENTATION, ANALYSIS, AND INTERPRETATION**

This chapter seeks to present, analyze and interpret the findings of the data that have been collected. The main purpose of this study is to assess the impact of staff turnover on employee performance and organizational effectiveness in K.A.M PLC. The researcher analyzed documents to examine the turnover rate of K.A.M PLC. The analysis was focused on employees who left K.A.M PLC voluntarily within three years, from 2012/13 to 2014/15 E.C. A set of questionnaires was also employed to gather the requisite data for the study. The questionnaire was pilot tested before the final distribution to the target respondents. The personal method of data collection was used in this research. The target population of this study comprised of all the employees who served above one year in K.A.M PLC. A data from a total of 90 target populations, 70 respondents from non-managerial level and 20 respondents from managerial level was gathered through questionnaires.

The researcher designed the questionnaires for each category in accordance with the area of work, understanding and knowledge of the respondents. The data collected were edited to eliminate any incomplete questionnaire. The questionnaire was structured according to a 5 point Likert-scale format and coded to reflect their corresponding categories in accordance with the following scoring key: Strongly agree-1, Agree-2, Neutral-3; Disagree -4; and Strongly disagree-5. Due to the small number of respondents the survey method was used for this study and no sampling method was used. The data was analyzed using the Statistical Package for Social Sciences (SPSS) version 16 for Windows. Descriptive statistics was used to analyze data. The statistical test was conducted to test the hypothesis with the assistance of an expert on SPSS.

#### **4.1 Document Analysis of Turnover rate in K.A.M PLC**

High staff turnover was becoming higher in each year at K.A.M PLC and According to the records of the company, now it is becoming a serious problem. The following table shows the turnover rate in K.A.M PLC from 2012/13 to 2014/15 E.C.

**Table 4.1: Turnover trend at K.A.M PLC**

Year of Termination	Total-employees	Terminated	Terminated in (%)
2012/13	95	16	16.85
2013/14	99	25	25.26
2014/15 since December	109	38	34.87

Source: K.A.M PLC

As indicated in table 4.1 above, the turnover rate in the year 2012/13, 16.85 %, in the year 2013/14 25.26% and in the year 2014/15 was 34.87% respectively. This shows that K.A.M PLC was facing a great danger of turnover, which was becoming higher every year. A turnover rate below 15% is considered healthy and a rate above 15% is considered as unhealthy rate of turnover according to a report in Forbes magazine. While a zero percent employee turnover rate may be ideal, it is not likely. As stated in "Forbes" magazine, any rate below 15 percent annually is considered healthy and no cause for alarm. Currently K.A.M PLC reached above the double fold of a healthy rate of turnover (15%) which is 34.87% at the end of the year 2014/15 E.C. which caused an alarm to come up with strategies to minimize the continuing high staff turnover rate. The document analysis also indicated that, there was high staff turnover rate in certain departments as well. The following table shows turnover rate at departmental levels in K.A.M PLC.

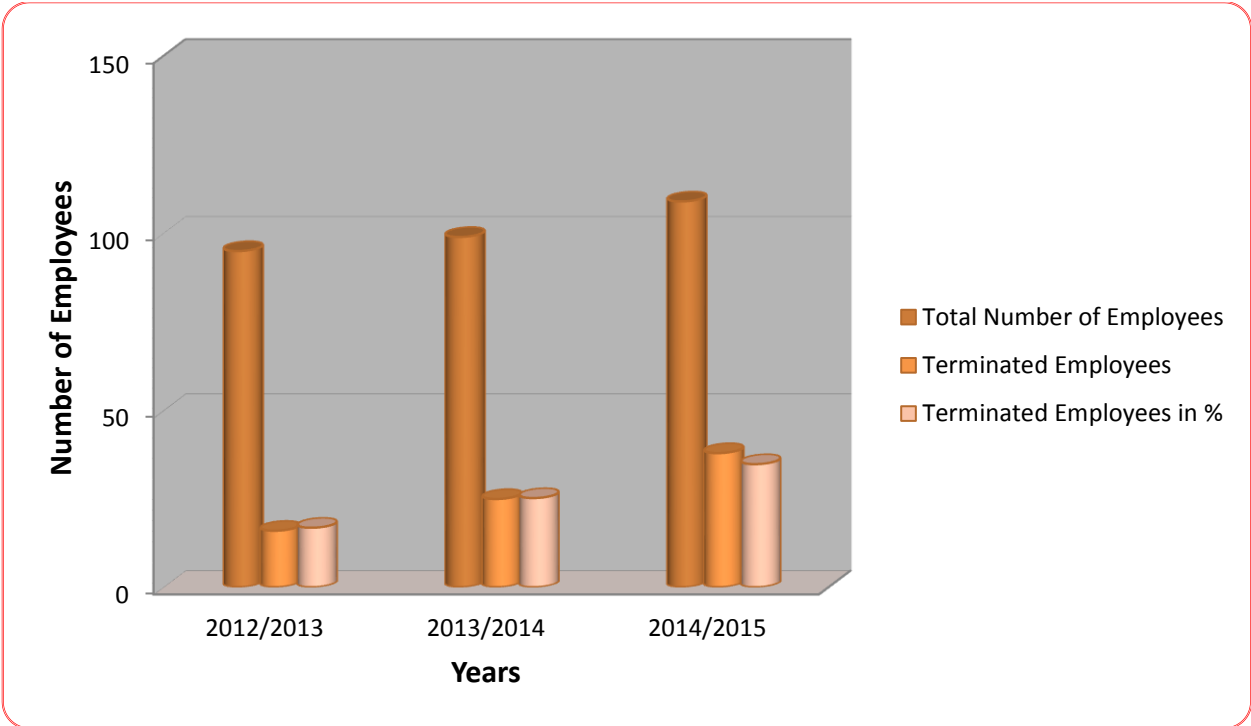
**Table 4.2: Turnover trend of departments in K.A.M PLC**

Total Number Employees who left the company	Department	Terminated	Terminated in %
79	Marketing & Sales	28	35.45
	Finance	21	26.59
	General Service	5	6.33
	HR and Administration	5	6.33
	Operation	6	7.6
	Purchase	6	7.6
	Legal	5	6.33
	Technical	3	3.8

Source: K.A.M PLC

Table 4.2 above indicates the voluntary turnover rate is very high among the marketing and sales and Finance departments, which was 35.5% in the former and 26.59 in the later. Hence the company was participating in business activities to earn profits, and importing distributing and selling goods to customers, those two departments were highly active in business transactions and exchanges thereof. However according to the company's turnover rate these two departments showed high rate of turnover than any other departments. Other departments faced minimal rate of turnover compared to these two departments, which was 5% for General Service, HR and Administration and legal departments, 6% for operation and purchase departments and 3 % for Technical department. This resulted in losing very skilled and valuable employees to the competitors and hence affected the competitiveness as well as good will and reputation of the company as a result of those who quit their job due to different-reasons were working at the front with the customers and handled day to day financial transactions as well.

The number of staffs leaving the company each year was increasing from time to time. The following figure shows the rate of employees who left the company within three years; from 2012/13 to 2014/15 E.C.



Source: K.A.M PLC

Figure 4.1: Staff turnover rate in K.A.M PLC.

As indicated in figure 4.1 above, the turnover rate in the year 2012/13, 16.85 %, in the year 2013/14 25.26% and in the year 2014/15 was 34.87% respectively. The rate shows that K.A.M PLC's turnover rate was not healthy and very high.

## 4.2 Presentation, Discussion, Analysis, and Interpretation of Data Gathered through Questionnaires

This section presents the data of respondents working in both managerial and non-managerial levels in K.A.M PLC. After completion of full-fledged survey with finalized questionnaire, data was arranged in an orderly fashion in a summary of spread sheet, by counting the frequency of responses of each question. The hypotheses have been formulated and tested using SPSS software and the results have been arrived at. The total analysis was carried out by using SPSS 16.0 software package.

### 4.2.1 Demographic Data: Profile of Employees at non-managerial level

**Table 4.3: Demographic data of respondents at non-managerial level**

<b>Gender of Respondents</b>					
		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	48	68.6	68.6	68.6
	Female	22	31.4	31.4	100.0
	Total	70	100.0	100.0	
<b>Age of Respondents</b>					
Valid	18-27	12	17.1	17.1	17.1
	28-37	18	25.7	25.7	42.9
	38-47	16	22.9	22.9	65.7
	48-57	15	21.4	21.4	87.1
	58 and above	9	12.9	12.9	100.0
	Total	70	100.0	100.0	
<b>Educational Level of Respondents</b>					
Valid	Masters degree	6	8.6	8.6	8.6
	Bachelor's degree	11	15.7	15.7	24.3
	Diploma	23	32.9	32.9	57.1
	Certificate	18	25.7	25.7	82.9
	Other	12	17.1	17.1	100.0
	Total	70	100.0	100.0	
<b>Length of Service of Respondents</b>					
Valid	1-5 years	44	62.9	62.9	62.9
	6-10 years	16	22.9	22.9	85.7
	11-15 years	6	8.6	8.6	94.3
	16 and above	4	5.7	5.7	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

The table above shows the result accumulated from the field survey with respect to the gender of the respondents. From the responses received, 48 of the respondents were males representing 68.6% while 22 were females also representing 31.4% of the total response rate. This shows that K.A.M PLC was dominated by male employees. Both genders were represented with response rate of 100%.

As indicated in the above table, 12(17.1%) of the respondents in this study were those in the 18- 27 age group, 18(25.7%) of the respondents were in the 28-37 age group while 16(22.9%) of the respondents were in 38-47 age group, 15(21.4) of the respondents were at the age group of 48-57 and 9(12.9) were at the age group of 58 and above. This indicates that most of the employees were relatively older and thus more experienced. The response rate for age division was 100%.

From table 4.3, it is clear that majority 6(8.6%) of the respondents had Bachelor's degree. 11(15.7%) of the respondents had Master's degree, while 23(32.9%) of the respondents had a diploma, 18(25.7%) of the respondents had a certificate, and 12(17.1%) had other qualifications. Respondents who chose other qualification did not mention their qualification levels. This shows that majority of employees working at non-managerial levels were less educated. The response rate for educational level was 100%.

Regarding the length of service of the population, the table above shows that the majority 44(62.9%) of the respondents were serving K.A.M PLC between 1 and 5 years. This shows that the majority of the employees working in K.A.M PLC are at their Mid-level service. 16(22.9%) of the employees were senior staff members serving the company between 6 and 10 years. 6(8.6%) of the employees were serving between 11-16 years while 4(5.7%) were serving above 16 years. The response rate shows that, the majority of employees working at non-managerial levels in K.A.M PLC were serving the company for less than 5 years. The response rate for length of service was 100%.

#### 4.2.2 Demographic Data: Profile of Employees' at managerial level

**Table 4.4: Demographic data of respondents at managerial level**

<b>Gender of Respondents</b>					
		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	15	75.0	75.0	75.0
	Female	5	25.0	25.0	100.0
	Total	20	100.0	100.0	
<b>Age of Respondents</b>					
Valid	28-37	2	10.0	10.0	10.0
	38-47	7	35.0	35.0	45.0
	48-57	11	55.0	55.0	100.0
	Total	20	100.0	100.0	
<b>Educational Level of Respondents</b>					
Valid	Masters degree	8	40.0	40.0	40.0
	Bachelor's degree	11	55.0	55.0	95.0
	Diploma	1	5.0	5.0	100.0
	Total	20	100.0	100.0	
<b>Length of Service of Respondents</b>					
Valid	1-5 years	12	60.0	60.0	60.0
	6-10 years	5	25.0	25.0	85.0
	11-15 years	2	10.0	10.0	95.0
	16 and above	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Questionnaire, 2016

The table above shows the result accumulated from the field survey with respect to the gender of the respondents. From the responses received, 15 of the respondents were males representing 75% while 5 were females also representing 15% of the total response rate. It could therefore be deduced that more males (75%) than females (15%) participated in the survey. This shows that K.A.M PLC was dominated by male managers. Both genders were represented with response rate of 100%. As indicated in the above table, 2(10%) of the respondents in this study were those in the 28- 37 age group, 7(35%) of the respondents were in the 38-47 age group while 11(55%) of the respondents were in 48-57 age group. This indicates that most of the management was relatively older and thus more experienced.



This could also indicate that K.A.M PLC failed to employ or retain a younger workforce at managerial levels. The response rate for age division was 100%. From table 4.4, it is clear that majority 11(55.0%) of the respondents had Bachelors degree. 8(40%) of the respondents had Master’s degree, while 1(5%) of the respondents had a diploma. This shows that majority of employees working at managerial levels were educated and experienced. The response rate for educational level was 100%.

Regarding the length of service of the population, the table above shows that the majority 12(60%) of the respondents were serving K.A.M PLC between 1 and 5 years. This shows that the majority of the employees working in K.A.M PLC are at their Mid-level service. 5(25%) of the managers were seiner staff members serving the company between 6 and 10 years. The remaining 1(5%) of the respondents were long serving employees, working at the company for more than 16 year. The response rate shows that, the majority of employees working at managerial levels in K.A.M PLC were serving the company for less than 5 years. The response rate for length of service was 100%.

### 4.2.3 Descriptive Statistics: The Implication of Staff Turnover to employees’ perceived performance

#### 4.2.3.1 Work load

**Table 4.5: Response rate of respondents at non managerial level on work load**

<b>High staff turnover in my organization increased my work load</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	31.4	31.4	31.4
	Agree	30	42.9	42.9	74.3
	Neutral	6	8.6	8.6	82.9
	Disagree	8	11.4	11.4	94.3
	Strongly disagree	4	5.7	5.7	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

Table 4.5 above indicates that, 22 (31.4 %) of the respondents were strongly agreed with the statement that that there was work boredom in their organization. 30 (42.9%) of the respondents were agreed with the statement, 6 (8.6%) were Neutral while 8 (11.4%) disagreed with the statement and 4 (5.7 %) of the respondents were strongly disagreed with the statement.

The response rate shows that majority (74.3%) of employees working at K.A.M PLC were agreed that high staff turnover in the organization increased their work load. As employees do their jobs they gain more work experience, which enrich their exposure. It is also viewed that employees who have enough work to do remains more active and energetic while work-less employees leftover inactive and lazy. Workload pressure can be positive leading to increased productivity. Employees who possess the capabilities to perform a job enjoy workload. However, when this pressure becomes excessive it has negative impact. In this stage, the individuals perceive that they don't possess necessary skills and abilities, required to affray with the stress, further it results in turnover intention, Crow and Hartman (2007:36).

#### 4.2.3.2 Job stress

**Table 4.6: Response rate of respondents at non managerial level on job stress**

<b>I am stressed at work due to high staff turnover in my organization</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	26	37.1	37.1	37.1
	Agree	26	37.1	37.1	74.3
	Neutral	4	5.7	5.7	80.0
	Disagree	12	17.1	17.1	97.1
	Strongly disagree	2	2.9	2.9	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.6 above, 26 (37.1 %) of the respondents were strongly agreed with the statement that that there was work boredom in their organization. 26 (37.1%) of the respondents were agreed with the statement, 4 (5.7%) were Neutral while 12 (17.1%) disagreed with the statement and 2 (2.9 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (74.2%) of employees working at K.A.M PLC were agreed that they were stressed at work due to high staff turnover in the organization. Higher response rate by the employees working at K.A.M PLC indicates that the majority of employees were stressed due to the high turnover rate of the company. Job stress is one of the most important workplace health risks for employees in developed and developing countries (Tyani, 2001:41). Job stress has been measured by workload and physical environment. Stressors concern interpersonal relationships at work, such as conflicts with the behavior of supervisors, conflicts with colleagues, conflicts with subordinates and conflicts with management policies.

The stress itself will be affected by number of stressors. Due to staff turnover, workers in an organization can face occupational stress through the role that the management gave (Tyani, 2001:46).

#### 4.2.3.3 Working time

**Table 4.7: Response rate of respondents at non managerial level on working time**

<b>I am asked to work over time because of high turnover rate in my organization</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	22	31.4	31.4	31.4
	Agree	27	38.6	38.6	70.0
	Neutral	6	8.6	8.6	78.6
	Disagree	11	15.7	15.7	94.3
	Strongly Disagree	4	5.7	5.7	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

Table 4.7 shows that, 22 (31.4 %) of the respondents were strongly agreed with the statement that they were asked to work over time because of high turnover rate of the organization.. 27 (38.6%) of the respondents were agreed with the statement, 6 (8.6%) were Neutral while 11 (15.7%) disagreed with the statement. 4 (5.7 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (70%) of employees working at K.A.M PLC were agreed that they were asked to work over time, because of high turnover rate of the organization. The response rate indicates that majority of the employees working at K.A.M PLC are forced to work above the normal working hours due to high turnover rate in the company. Long work hour's cultures are said to be pervasive and as such work is claimed to be ruining worker lives instead of ruling (Taylor, 2007:42). The amount of time that people spend at work will have a strong influence on work-life integration. The more time spent at work the less time available for participation in non-working life. Long working hours reduce the opportunities for socially productive leisure by restricting time available, for being an effective marriage partner, parent and citizen. This may affect employee's performance at work place negatively (Taylor, 2007:208).

#### 4.2.3.4 Training New Staff Members

**Table 4.8: Response rate of respondents at non managerial level on training new staff members**

<b>I spend too much time in training New staff members as a result of high staff turnover in my organization</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	18	25.7	25.7	25.7
	Agree	30	42.9	42.9	68.6
	Neutral	9	12.9	12.9	81.4
	Disagree	6	8.6	8.6	90.0
	Strongly Disagree	7	10.0	10.0	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.8 above, 18 (25.7 %) of the respondents were strongly agreed with the statement that they spent too much time in training New staff members as a result of high staff turnover in the organization. 30 (42.9%) of the respondents were agreed with the statement, 9 (12.9%) were Neutral while 6 (8.6%) disagreed with the statement and 7 (10 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (68.6%) of employees working at K.A.M PLC were agreed that they spent too much time in training new staff members as a result of high staff turnover in the organization. When a company is faced with the need to hire new employees, they also face a severe decrease in productivity, remaining employees may lose focus due to high turnover, and furthermore the productivity of the new hires is also an issue, Buchan (2005:115). A new employee may take from months up to years to reach the same level of productivity as an existing staff member and due to increase number of new staff in the organization; other employees have to assist in the training of new staff members. The organization has to send new employees for training in order to make them familiar and efficient. However when the existing staff member trains newly hired employees, they sacrifice their own time and by doing so, they spend their work time which may result in diminished performance and lowers their productivity, Taylor (2007:43).

#### 4.2.3.5 Employee Performance

**Table 4.9: Response rate of respondents at non managerial level on employee performance.**

<b>My Performance is decreased due to high staff turnover in my organization</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	31.4	31.4	31.4
	Agree	31	44.3	44.3	75.7
	Neutral	4	5.7	5.7	81.4
	Disagree	8	11.4	11.4	92.9
	Strongly Disagree	5	7.1	7.1	100.0
	Total	70	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.9 above, 22 (31.4%) of the respondents were strongly agreed with the statement that their performance is decreased due to high staff turnover in their organization. 31 (44.3%) of the respondents were agreed with the statement, 4 (5.7%) were neutral while, 8 (11.4%) disagreed with the statement and 5 (7.1 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (75.7%) of employees working at K.A.M PLC were agreed that their performance is decreased due to high staff turnover in their organization. The performance of employees can be affected by high staff turnover. Due to work overload, overtime work, training new staff members by taking time from their own working time, employees may end up in stress at work place, Taylor (2007:59). High level of stress leads to employees making unnecessary mistakes/accidents and low morale leads to them not caring about what they do. Staff turnover breaks the team spirit and group cohesion, which is necessary for the successful and smooth running of the work itself, and further it results in diminished productivity, Taylor (2007:59). The majority of employees working at K.A.M PLC were believed that high staff turnover was affecting their performance. This may result in job dissatisfaction and an intention to quit.

#### 4.2.4 Descriptive Statistics: Staff Turnover and Perceived Organizational Effectiveness

##### 4.2.4.1 Wastage of resources

**Table 4.10: Response rate of respondents at managerial level on wastage of resources**

<b>High staff turnover resulted in wastage of resources of the organization</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	7	35.0	35.0	35.0
Agree	10	50.0	50.0	85.0
Neutral	2	10.0	10.0	95.0
Strongly disagree	1	5.0	5.0	100.0
Total	20	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.10 above, 7 (35 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that high staff turnover resulted in wastage of resources of the organization. 10 (50%) of the respondents were agreed with the statement, 2 (10%) were Neutral while 1 (5 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (85%) of employees working at managerial level in K.A.M PLC were agreed that high staff turnover resulted in wastage of resources of the organization. Whenever an employee leaves the organization, the management, has to sustain loss and wastage arising from the replacement of the leaving incumbent, by inexperienced new labor force. This replacement cost also includes cost of recruitment, selection and training of new employees (Rothwell and Kazanas, 2006:244).

Loss of output due to the gap in obtaining new workers, loss due to inefficiency of new workers, cost of accidents due to lack of experience of new workers and cost of scrap and defective work of new workers are the replacement cost involved in labor turnover, in spite of the preventive measures, if there is higher labor turnover then it will deplete resources and also lead to its wastage, (Rothwell and Kazanas, 2006:249).

#### 4.2.4.2 Efficiency of the organization

**Table 4.11: Response rate of respondents at managerial level on efficiency of the organization.**

High Staff turnover reduced the efficiency of the organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	6	30.0	30.0	30.0
	Agree	9	45.0	45.0	75.0
	Neutral	2	10.0	10.0	85.0
	Disagree	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Source: Questionnaire, 2016

Table 4.11 above shows that, 6 (30 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that high staff turnover reduced the efficiency of the organization. 9 (45%) of the respondents were agreed with the statement, 2 (10%) were Neutral while 3(15 %) of the respondents were strongly disagreed with the statement. The response rate shows that majority (75%) of employees working at managerial level in K.A.M PLC were agreed that high staff turnover reduced the efficiency of the organization. With the increase in productivity the profitability of the organization improves which ultimately helps in expansion of the organization and provision of added benefits to the employees. In the human resources management literature, excess labor turnover is mostly regarded as a dysfunctional feature of the essentially because it is costly. Moreover, high excess turnover is likely to cause indirect negative effects, like output forgone during the vacancy period and diminished productivity during the training process of new workers and this results in low efficiency. The ratio between output and a specific part of the input is called partial productivity such as labor productivity stated as the amount of productivity for each labor unit, or number of labor hours for each product unit In order to increase the organizational competitiveness increased productivity is necessary. According to Neves (2009:229) Productivity can be increased through experienced, dedicated and skilled employees, and hence with increased productivity efficiency of the organization boosts. High staff turnover results in loss of skilled employees who contribute to the overall effectiveness of the company, and this may reduce efficiency of the organization, Neo, *etal.*, (2006:289).

#### 4.2.4.3 Service Provision and delivery

**Table 4.12: Response rate of respondents at managerial level on service provision and delivery**

High Staff Turnover reduced service provision and delivery of the organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	4	20.0	20.0	20.0
	Agree	11	55.0	55.0	75.0
	Neutral	1	5.0	5.0	80.0
	Disagree	3	15.0	15.0	95.0
	Strongly disagree	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.12, 4 (20 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that the company's service provision declined due to high staff turnover. 11 (55%) of the respondents were agreed with the statement, 1 (5%) were Neutral while 3(15 %) of the respondents were disagreed and 1 (5%) strongly disagreed with the statement. The response rate shows that majority (75%) of employees working at managerial level in K.A.M PLC were agreed that the company's service provision declined due to high staff turnover.

To serve customers well, an organization must provide service to customers before, during and after a purchase. The perception of success of such interactions is dependent on employees who can adjust themselves to the personality of the guest. High staff turnover may hinder such provision of service and its delivery. If there are employees who are not at work, the service provided will be reduced compared to when all employees are at work. Employees in the organization are working hard to balance their work but the quality in the service delivery is not easy to avoid if there are still staff members who are not on duty as a result of a turnover, Buchan (2005:103).



#### 4.2.4.4 Loss of Customers

**Table 4.13: Response rate of respondents at managerial level on losing customers.**

<b>High Staff turnover resulted in loss of customers of the organization</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	7	35.0	35.0	35.0
Agree	10	50.0	50.0	85.0
Neutral	2	10.0	10.0	95.0
Disagree	1	5.0	5.0	100.0
Total	20	100.0	100.0	

Source: Questionnaire, 2016

As stated in table 4.13 above, 7 (35 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that the company was losing customers as a result of staff turnover. 10 (50%) of the respondents were agreed with the statement, 2 (10%) were Neutral while 1(5%) of the respondents were disagreed with statement. The response rate shows that majority (85%) of employees, workings at managerial level in K.A.M PLC were agreed that the company was losing customers as a result of staff turnover. K.A.M PLC is highly dependent on customers; in addition to attracting new customers the management works hard to retain the existing ones. The response rate from the managers indicates that their hard work was not meeting its goal due to the turnover impact. According to Locke (2009:05) satisfied employee can satisfy the customer. A satisfied customer may be retained for a long time, so satisfactions will improve the overall performance of the company. The internal customers are the employees of some organization and there is definitely need to satisfy the internal customer if external is to be retained and satisfied. The satisfaction of customers is necessary for a successful organization but the value for employee satisfaction is there to achieve the vision and mission. The services sector specially should take good care of the employee satisfaction. In such industry customers interact directly with employees and employee behavior, attitude turns the customer to retain or to leave, Buchan (2005:109)

#### 4.2.4.5 Profitability

**Table 4.14: Response rate of respondents at managerial level on profitability**

<b>High staff turnover reduce the profitability of the organization</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	6	30.0	30.0	30.0
Agree	7	35.0	35.0	65.0
Neutral	2	10.0	10.0	75.0
Disagree	5	25.0	25.0	100.0
Total	20	100.0	100.0	

Source: Questionnaire, 2016

Table 4.14, 6 (30 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that the company's profitability was reduced due to high staff turnover. 7 (35%) of the respondents were agreed with the statement, 2 (10%) were Neutral while 5(25%) of the respondents were disagreed with statement. The response rate shows that majority (65%) of employees working at managerial level in K.A.M PLC were agreed that the company's profitability was affected due to high staff turnover. K.A.M PLC is a profitable company. The profit margin is higher every year. However the response rate from the managers shows that even though the company was profitable, still its profitability is affected by turnover. According to Taylor (2007:42), the combined effect of the negatives that can result from high turnover may cause a firm to generate less profit. Anything that tends to increase costs or reduce productivity or revenue will tend to reduce profit.

#### 4.2.4.6 Goodwill and reputation.

**Table 4.15: Response rate of respondents at managerial level on goodwill and reputation**

<b>High staff turnover affected the good will and reputation of the organization</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	2	10.0	10.0	10.0
Agree	10	50.0	50.0	60.0
Neutral	3	15.0	15.0	75.0
Disagree	5	25.0	25.0	100.0
Total	20	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.15 above, 2 (10 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that the good will and reputation of the company was affected as a result of high staff turnover. 10 (50%) of the respondents were agreed with the statement, 3 (15%) were Neutral while 5(25%) of the respondents were disagreed with statement. The response rate shows that majority (60%) of employees working at managerial level in K.A.M PLC were agreed that the good will and reputation of the company was affected as a result of high staff turnover. K.A.M PLC was known for its good will and reputation for more than 16 years. However, the response rate from the managers shows that the current high staff turnover was affecting the company’s goodwill and reputation. According to Buchan (2005) any large amount of employee turnover can, simply put a business at risk and ruins its reputation. Staff turnover is necessary for an organization to thrive and be successful, however, high staff turnover can and will disrupt the morale of the workplace and lead to a dissatisfied and unproductive workforce resulting the company’s reputation is at risk.

#### 4.2.4.7 Competitiveness

**Table 4.16: Response rate of respondents at managerial level on competitiveness**

<b>High staff turnover affected the competitiveness of the organization</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	4	20.0	20.0	20.0
Agree	10	50.0	50.0	70.0
Neutral	4	20.0	20.0	90.0
Disagree	1	5.0	5.0	95.0
Strongly disagree	1	5.0	5.0	100.0
Total	20	100.0	100.0	

Source: Questionnaire, 2016

As indicated in table 4.16 above, 4 (20 %) of the respondents working at managerial positions in K.A.M PLC were strongly agreed with the statement that the company’s competitiveness is affected by a high staff turnover. 10 (50%) of the respondents were agreed with the statement, 4 (20%) were Neutral while 1(5%) of the respondents were disagreed with statement and 1(5%) were strongly disagreed. The response rate shows that majority (70%) of employees working at managerial level in K.A.M PLC were agreed that the company’s competitiveness was affected by a high staff turnover. The success and failure of an organization like K.A.M PLC largely depends upon the performance of its employees. The retention of talented employees is the need of time. The organizations that lose their talent and employees will lose their competitiveness.

The highly skilled employees are being attracted by more than one organization at a time, who offers various kinds of incentives i.e. career lines, flexibility in work. According to Duchessi (2002:111) In today's highly competitive business environment skilled employees are the major differentiating factor for both private and public organizations and through them they gain competitive advantage in the market. Organization competitiveness is through the accumulation of values arising from organizations internal developments. The exploitation and sustainability of these values, brings in valuable practices like knowledge creation and sharing which gives rise to learning and innovation activities that are based on internal resources.

### 4.3 Statistical Test and Interpretation

The previous section dealt with the general background of the respondents and their response rate for statements in the questionnaire, this section presents the statistical analysis and interpretation parts. The hypotheses have been formulated and tested using SPSS software and the results have been arrived at. The total analysis was carried out by using SPSS 16.0 software package. Various statistical tools and tests were used for analysis including reliability and validity testing, (Cronbach's Alpha) and chi-square tests with the assistance of an expert on SPSS.

#### 4.3.1 Reliability Testing: Cronbach's Alpha

Cronbach's Alpha is designed as a measure of internal consistency of items in the questionnaire. It varies between zero and one. The closer alpha is to one, the greater the internal consistency of the items in the questionnaire.

**Table 4.17: Cronbach's Alpha-Reliability Test**

Reliability Statistics	
Cronbach's Alpha	N of Items
.807	22

Source: Questionnaire, 2016

Cronbach's alpha test was performed to check the reliability of questions or items. The above table displays several results obtained. The Cronbach's alpha test was performed and it resulted in an overall score of 0.807 indicating internal consistency of the items.

### 4.3.2 Chi-Square Analysis

The Researcher observed that the chi-square is most relevant and appropriate in analyzing categorical variables in this specific case.

Assessments of significance levels were done correctly with the help of chi-square tests in this specific case. In order to avoid assumptions, non-parametric tests like chi square tests are implemented here. Chi square test is important here to test significant levels among categorical variables. As non-parametric tests to determine among categorical data to show dependency or the two classifications are independent, the chi square test is very useful here. To test the significance of association between two attributes among demographic variables and LIKERT scale variable or testing variable, chi square test is most appropriate.

### 4.3.3 Hypotheses testing- Chi-square tests

#### Hypotheses- H01:

Ho0. There is no significant association between high staff turnover and employee performance.

Ho1. There is significant association between high staff turnover and employee performance.

**Table 4.18: Hypothesis test: association between staff turnover and perceived employee performance.**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.744 <sup>a</sup>	16	.000
Likelihood Ratio	37.623	16	.002
Linear-by-Linear Association	21.427	1	.000
N of Valid Cases	70		

Source: Questionnaire, 2016

From the above table, since the chi-square value is significant as the significant value is less than 0.05, there is evidence to reject null hypotheses. Also it means there is significant association between high staff turnover and employee performance.

The inference from the above chi square test reveals that employee performance is highly related with staff turnover. This indicates that high staff turnover affects employee performance.

**Hypotheses- H02:**

Ho0. There is no significant association between high staff turnover and organizational effectiveness.

Ho1. There is significant association between high staff turnover and organizational effectiveness.

**Table 4.19: Hypothesis test: association between staff turnover and perceived organizational effectiveness.**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.309 <sup>a</sup>	16	.0005
Likelihood Ratio	36.569	16	.001
Linear-by-Linear Association	20.705	1	.000
N of Valid Cases	90		

Source: Questionnaire, 2016

From the above table, since the chi-square value is significant as the significant value is less than 0.05, there is a strong evidence to reject null hypotheses. It means that there is significant association between high staff turnover and organizational effectiveness.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter summarizes the major findings of the study. Based on the main findings, conclusions are reached to permit the provision of appropriate recommendations to be made to address the research questions and the hypothesis formulated.

#### **5.1 Summary of Major Findings**

The following key findings were obtained after a thorough analysis of the results:

1. Regarding the implication of staff turnover to perception of existing employees, the result revealed that employees' performance was affected and diminished their output and productivity, most of the statements were collectively agreed upon with very few reservations that employees perceive their performance was affected due to high staff turnover. According to employees' perception, staff turnover resulted in work load, working overtime and training new employees by taking from their own working time.
2. Most of the managements were aware that staff turnover K.A.M PLC was facing and its implication on the company's effectiveness. The majority of the management agreed on the statements regarding the implication of staff turnover to employees' perceived organizational effectiveness. According to the managers' perception, staff turnover resulted in wastage of resources, reduced service provision and delivery, efficiency, loss of customers, affected the good will and reputation as well as the competitiveness of the company and further reduced its profitability.

#### **5.2 Conclusion**

The objective of this study was to assess the implication of staff turnover to employees' perceived performance and organizational effectiveness in K.A.M PLC in Ethiopia, specifically in Addis Ababa region. The data was collected and analyzed. The study revealed the following basing on the purpose of the study. According to employees' perception, staff turnover has affected their performance by adding workloads, working extra hours, training new staff members by taking from their own working time and this resulted in stress.

According to the findings of the study, the managers perceived that staff turnover also affected organizational effectiveness of the company by damaging its image, competitiveness, reducing its profitability, service provision and delivery, by wasting its resource, and resulted in losing of customers. Moreover, productivity and performance of the employees as well as the effectiveness of the organization will also decrease, while employees will be demotivated to work for a company with high staff turnover rate. The service provided by K.A.M PLC has been highly affected due to staff turnover and this caused customers to move to other organizations for a better service. This study therefore makes recommendations arising from the empirical analysis, to reduce staff turnover in K.A.M PLC.

### **5.3 Recommendations**

This study draws baseline information on the implication of staff turnover to employee's perceived performance and organizational effectiveness since it is an increasing problem in K.A.M PLC. Arising from the empirical analysis of results, the following recommendations were made for K.A.M PLC:

Management should pay employees a reasonable and market related salary. Management attitude on improving wages and reward systems should look more appealing to employees.

Management should work to improve the overall engagement practice. Management should give due recognition to its internal employees when there are new positions within the organization. Clear, achievable goals and standards for each position should be set and should be known to employees. Individuals should also receive regular, timely feedback on how they are doing and should feel they are being adequately challenged in their jobs. Employees should be recognized for the contribution they make to the organization and participate in decision making process.

Managers should work to improve the working environment and 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. When the adverse effects of the physical work environment are not attended by the management, employees may lose interest in the work and might leave the organization.



Management should create more opportunities for career advancement in the organization. Creation of opportunities for career advancement may help staff to become more competent and to enjoy their work even better.

Management should improve the leadership style and develop strategies to improve the existing culture of the organization to improve their relationship with employees at non-managerial levels. Managers of the organization should approach employees at their work place, particularly identify employees with dissatisfied and address issues not to leave their jobs.

Management should develop and implement strategies to minimize high staff turnover and retain employees.

#### **5.4 Direction for Further Research**

This study was conducted on the impact of high staff turnover on both employee's performance and organizational effectiveness. Hence, it was difficult to address all the issues regarding the case under study. Further research could be done in this field by choosing the impact of staff turnover on either employee performance or organizational effectiveness to grasp all the necessary concepts and come up with precise conclusions.

Staff turnover is a wide concept. This study focused on the impact of staff turnover on employee performance and organizational effectiveness. Further research could also be done on other areas of problems, like causes of turnover and retention strategies.

## REFERENCES

- Abassi, S.M., & Hollman, K.W (2000). *Turnover: the real bottom line, Public and voluntary*.
- Abdali, F. (2011). 'Impact of Employee Turnover on Sustainable Growth Of Organization In computer Graphics Sector Of Karachi, Pakistan'. *SSRN Journal*
- Aksu, A. A. (2004). *Turnover Cost: Research among five-star hotels Antalya*
- Appelbaum, E.,Bailey, T., Berg, P. and Kalleberg, A. (2005). *Manufacturing Advantage. Why High Performance Work Systems Pay off*. London: ILR Press.
- Asegid. N. (2007) *Turnover Intention and its impact on organizational efficiency, the case of Wegagen Bank WolaittaSodo Branch*. Wolaita Sodo: Wolaitta Sodo University.
- Badawy, M.K. (2004). "What we've learned about managing human resources in R&D in the last fifty years". *Res. Technol.Manage*. 31 (5): pp.19-35.
- Barbara, J.K. (2002). *Insights into employee motivation, commitment and retention*. Denver.Ph.D Research/ White Paper.
- Basta, N,& Johnson, E. (2001). "Ches are back in high demand". *Chem. Eng*. 96 (8): 22-29.
- Beardwell, J. and Claydon, T. (2007). *Human Resource Management: A Contemporary Approach*.5th ed. Harlow: Prentice Hall.
- Blau, G, & Boal, K. (2001)."Using job involvement and organizational commitment interactively to predict turnover", *J. Manage*. 15 (1): 115-127..
- Brooke, P.P.,& Price J.L. (2003). "The determinants of employee absenteeism: An empirical test of a causal model". *J. Occup. Psychol*. 62:1-19.
- Brooke P.P., Russell D.W., & Price, J.L. (2006). "Discuss validation of measures of job satisfaction, job involvement and organizational commitment", *J. Appl. Psychol*. 73 (2): 139-145.
- Brough, P. & Frame, R. (2004). 'Predicting police job satisfaction, work well-being and turnover intentions: The role of social support and policy: organisational variables', *New Zealand Journal of Psychology*, 33, 8-18.
- Bryam and Bill (Pg.535, 2003).*Mixed methods: A four-volume set*. Thousand Oaks, CA: Sage.
- Buchan, J.P. (2005). The changing distribution of job satisfaction and customer retention. *Journal of Human Resources*, 36 (1), 115–133

Bvuma, D. (2001). Alternative service delivery and public service transformation in South Africa. *International Journal of Public Sector Management*, 14 (3), 43-55.

CIPD, (2006a), "Recruitment, retention and turnover 2006". Retrieved June 6 2015 from: [www.cipd.co.uk/subjects/recruitment/general/recruitment.htm?IsSrchRes=1](http://www.cipd.co.uk/subjects/recruitment/general/recruitment.htm?IsSrchRes=1)

Cohen, A.R. (2000). *The Portable MBA in Management. 6th Edition*. Nova Scotia: John Wiley and Sons, Inc.

Cohen, Manion, Morrison & Morrison, (2007) .Exploring the nature of research questions in mixed methods research [Editorial]. *Journal of Mixed Methods Research*, 1(3), 207–211.

Cook & Campbell (1979) Are there any constructive alternatives to causal modeling? *Sociological Methodology*, 21, 325–335.

Creswell, J. W. (2003). *Research design: Qualitative, Quantitative and mixed methods approaches*. Thousand Oaks: Sage Publications Inc.

Cropanzano, R. & Mitchell, M.S. (2005). 'Social exchange theory: an interdisciplinary review', *Journal of Management*, Vol 31, pp874-900.

Crow, S.M. & Hartman, S.J. (2007). Can't get no satisfaction. *Leadership and Organisation Development Journal*, 16(4), 30–38.

Dalton, D.R., Todor, W.D. & Krackhardt, D.M. (1982). Turnover Overstated: The Functional Taxonomy. *Academy of Management Review*, 7, 117-123.

David, G. (2008). *Retaining Talent: A guide to Analyzing and Managing Employee Turnover*, SHRM Foundation's effective Practice Guidelines Series. USA 2008 P. 2

Deloitte, (2011). *The Irish Funds Industry: Redefining competitiveness*

Ekinci, A. & Riley, F. (2000). *Fundamental of management: Essentials concepts and applications. 4th Edition*. New Jersey: Pearson Prentice Hall.

Elywood, J. (1999). Models for production and operation design, Intention To Quit? *Journal of Managerial Psychology*, Vol.19 No.2 pp.170-187

Fox, A. (1974). *Beyond Contract: Work, power and trust relations*. London, Faber and Faber.

Firth, L., Mellor, D. J., Moore, K. A. & Loquet, C. (2004). *How Can Manager Reduce Employee turnover? 4<sup>th</sup> Edition*, New Orleans

Gaia, G., & Christopher, M. (2007). *The Impact of Labour Turnover: Theory and Evidence 7<sup>th</sup> Edition*, Preston University.

Fraenkel, J.R., & Wallen, N.E. (2000). *How to design and evaluate research in education*. McGraw-Hill, Inc.

- Fitzenz, J. (2008). 'The Truth About Best Practices: What They Are And How To Apply Them'. *Human Resource Management* 36.1 (1997): 97-103.
- Garden, A.M. (2003). "Correlates of turnover propensity of software professionals in small high tech companies", *R&D Manage.* 19 (4):325-34.
- Gardner, D.G. (2009). Employee Focus of Attention and Reaction to Organisational Change. *The Journal of Applied Behavioural Science*, 23(3), 11-288.
- Glazer, S., & Beehr, T. A. (2005). Consistency of implications of three role stressors across four countries. *Journal of Organizational Behaviour*, Vol.No.5, pp. 467-487
- Grobler, P.A., Warnich, S., Carrell, M.R., Elbert, N.F. and Hartfield, R.D. (2002). *Human Resource Management. 2nd Edition.* Cornwall: TJ International
- Greenhaus, J.H. and Beutell, N.J. (1992) 'Sources of Conflict between Work and Family Roles', *Academy of Management Review*, 10: 76–88.
- Guthrie, J.P. (2001). 'High involvement work practices, turnover and productivity: Evidence from New Zealand' *Academy of Management Journal*, Vol 44, pp180–190.
- Hang-yue, N., Foley, S., & Loi, R. (2005). Work role stressors and turnover intentions: a study of professional clergy in Hong Kong. *International Journal of Human Resource Management*, 16(11), 2133-2146
- Heneman, R. (2007). Implementing Total Reward Strategies. *Society for Human Resource Management Press, USA.*
- Holbeche, L. & Springett, N. (2003). *In Search of Meaning in the Workplace.* Horsham: Roffey Park.
- John, S. (2000). "Job-to-job turnover and job to-non- employment movement" *Personnel Rev.* 31(6): 710-721.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *The Academy of Management Journal*, 33(4), 692-724.
- Kanungo, R. (2000). "Measurement of job and work involvement", *J. Appl. Psychol.* 67: 341-349.
- Keller, T., Dansereau, F. (1995). "Leadership and empowerment: a social exchange perspective". *Hum. Rel.* 48 (2):127-146.
- Kiflom, G. (2009). *Quit intention and its effect on performance, the case of Dalol Private limited company*, Haramaya University: Ethiopia.
- Kim, B.S. (2001). Commitment of Malaysian workers in Korean multinational enterprise. *Malaysian Management Review*, 36, 1, 1-11.
- Konrad, A.M. (2006). 'Engaging employees through high-involvement work practices'. *Ivey Business Journal*, March/April, pp1-6.

- Kothari, P. (2004). Using mixed-methods research to adapt and evaluate a family strengthening intervention in Rwanda. *African Journal of Traumatic Stress*, 2(1), 32–45.
- Kumar, J. (2005). *Casual models in the social sciences*. New York: Aldine.
- Lashley, C. (2000). *Hospitality Retail Management, A unit Manager"s Guide*. Oxford: Butterworth Heinemann.
- Lawler, E., & Worley, C.G. (2006). ‘Winning support for organisational change: Designing employee reward systems that keep on working’, *Ivey Business Journal*, March/April, pp.
- Lee, T. W. & Mitchell, T. R. (1996). An alternative approach: The unfolding model of voluntary employee turnover. *The Academy of Management Review*, 19, p51-89.
- Legge, K. (2005). *Human Resource Management: Rhetorics and Realities*, (2<sup>nd</sup> edn.), Basingstoke, Palgrave MacMillan.
- Lochhead C. and Stephens A. (2004). “*Employee Retention ,Labour Turnover & Knowledge Transfer ,Case Studies from the Canadian Plastics Sector*”
- Loquercio, D. (2006). *Understanding and Addressing Staffs Turnover in Humanitarian Agencies*
- Malone, T.W. (2007). "Is empowerment just a fad? Control, decision making, and IT", *Sloan Manage. Rev.* 38 (2): 23-9.
- Martin, T. & Christopher, J.L.(2009). '*Explaining Labour Turnover: Empirical Evidence From UK Establishments*'. *Labour* 17.3 (2003): 391-412.
- Maslach, C., Schaufelli, W. B., & Leiter, M. P. (2001). Job burnout. *Annual Review of Psychology*, 52, 397-422.
- Mathis, R.B., & Jackson, J.H. (2007). *Human Resource Management.10<sup>th</sup>Edition*. Singapore: Thomson Asia Pty Ltd.
- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety, availability and the engagement of human spirit at work. *Journal of Occupational and Organizational Psychology*, 77, 11-37.
- Meaghan Stovel, Nick Bontis(2002). Voluntary turnover: knowledge management-friend or foe? *J. intellect. Cap.* 3 (3): 303-322.
- Meyer, P., John, P.K., Laryssa, S.T., Topolnytsky, J.R., Henryk, K., & Ian G., (2003). “*Best Practices: Employee Retention*”, Toronto: Tomson-Carswell.
- Mitchell T. R. (1994). An Alternative Approach: The Unfolding Model of VoluntaryEmployee Turnover. *Academy of Management Review*, 19 (1): 51-89.

- Mullins, J.L. (2005). *Management and Organisational Behaviour. 4th Edition*. London: Pitman Publishing.
- Nel, P.S., Van Dyk, P.S., Haasbroek, G.D., Schulltz, H.B., Sono, T. and Werner, A. (2004). *Human Resources Management. 6th Edition*. Cape Town: Oxford University.
- Neo, A.R., Hollanbeck, R.J., Gerhart, B. & Wright, P.M. (2006). *Human Resource Management. 3rd Edition*. New York: McGraw-Hill.
- Parden, R.J. (2006). "The manager's role and high mobility of technical specialists in the Santa Clara Valley" *IEE Transactions on engineering management*, 28(1): 2-8.
- Pettijohn, C., Pettijohn, L., & Taylor, A. (2008). Salesperson perceptions of ethical behaviors: Their influence on job satisfaction and turnover intentions. *Journal of Business Ethics*, 78(4) 547-557.
- Price, J.L (1977). The study of turnover, 1st edition, *Iowa state university press*, IA pp10-25.
- Price, J. L. (2001). Reflections on the determinants of voluntary turnover. *International Journal of Manpower*, Vol. 22, No. 7, pp.600-624.
- Purcell, J., Kinnie, N., Hutchinson, S., Rayton, B. and Swart, J. (2003). *Understanding the People and Performance Link: Unlocking the Black Box*. London: CIPD.
- Robbins, S.P. & Decenzo, D.A. (2001). *Fundamentals of Management. 3rd Edition*. New Jersey: Prentice-Hall.
- Robinson, D., Perryman, S. and Hayday, S. (2004). *The Drivers of Employee Engagement*. Brighton Institute for Employment Studies.
- Rothwell, Y. and Kazanas, A. (2006). *Crafting customer value*. New York: Purdue University Press.
- Saunders, J., Lewis, A., & Thornhill, K.B. (2009). *Quantitative versus qualitative research: An attempt to clarify the issue*. *Educational Researcher*, 6–13.
- Saks, A.M. (2006). 'Antecedents and consequences of employee engagement', *Journal of Managerial Psychology*, Vol 21, No 6, pp600-619.
- Scott, A., Gravelle, H., Simoens, S., Bojke, C. and Sibbald, B. (2012). 'Job satisfaction and quitting intentions: A structural model of British general practitioners'. *British Journal of Industrial Relations*, 44, 519-540.
- Sherman, J.D. (2003). "The relationship between factors in the work environment and turnover propensities among engineering and technical support personnel", *IEEE Transactions on Engineering Management*, 33: 72-78.

Sutherland, J. 'Job-To-Job Turnover And Job-To-Non-Employment Movement'. *Personnel Review* 31.6 (2004): 710-721.

Swanepoel, B., Erasmus, B., Van Wyk, M. and Schenk, H. (2003). *Human Resource Management: Theory and Practice. 2nd Edition*. Cape Town: Juta.

Taylor, P.J. (2007). *Absenteeism – causes and control*. New York: Pearson Education.

Tor, W., Guinmaraes, J.E. Owen, S.T. (2000). “Assessing employee turnover intentions before and after TQM” *International J. Qual. Reliability manage.* 14 (1): 46-63.

Trevor, C. (2001). “Interactions among actual ease – of – movement determinants and job satisfaction in prediction of voluntary turnover”, *Acad. Manage J.* 44 (6): 621-638.

Torrington, D., Hall, L., & Stephen, T. (2008). *Human Resource Management (7th ed.)*. Edinburg: PearsonEducation Limited.

Tyani, B.I.N. (2001). *Absenteeism: A nursing service problem in the Republic of Transkei*. Pretoria: UNISA Press.

Walker, J.W. (2001). “*Perspectives*” *Human resource planning*.24 (1):6-10.

Wells, M. & Thelen, L. (2002). What does your workplace say about you? The Influence of personality status and workplace on personalization. *Journal of Environmental and Behaviour Sciences*, 34(3), 300-321.

Wright, T. A. (1993). Correctional employee turnover: A longitudinal study. *Journal of Criminal Justice*, Vol. 21, pp.131-142.

Zeffane, R., 1994. Understanding employee turnover: The need for a contingency approach. *International journal of manpower*, 15(9), pp. 22-37.

Ziel, C.B. & Antoinette, C.T. (2003). *Psychology in the Work Context.2<sup>nd</sup> Edition*. Cape Town: Oxford University Press

Forbes website

## APPENDICES

### APPENDIX A

#### Questionnaire to respondents

##### General Instruction

This Questionnaire is expected to be answered by respondents, those who are at the managerial level and those who are at non-managerial level.

Section A is answered by all respondents, both at managerial and non-managerial level. Section B Q.1 is answered by respondents at non-managerial level. Section B Q.2 is answered by employees at Managerial Level.

1. Please tick one of the correct answers with an (X).

2. Answer all questions.

##### Section A: Demographic Background of Respondents

###### 1. Age

	Year	
1.1	18-27 years	1 <input type="checkbox"/>
1.2	28-37 years	2 <input type="checkbox"/>
1.3	38-47 years	3 <input type="checkbox"/>
1.4	48-57 years	4 <input type="checkbox"/>
1.5	58 and above	5 <input type="checkbox"/>

###### 2. Gender

	Gender	
2.1	Male	1 <input type="checkbox"/>
2.2	Female	2 <input type="checkbox"/>



### 3. Educational Background

	Year	
3.1	Masters Degree	1 <input type="checkbox"/>
3.2	Bachelors Degree	2 <input type="checkbox"/>
3.3	Diploma	3 <input type="checkbox"/>
3.4	Certificate	4 <input type="checkbox"/>
3.5	Other	5 <input type="checkbox"/>

### 4. Length of Service

	Year	
3.1	1-5 years	1 <input type="checkbox"/>
3.2	6-10 years	2 <input type="checkbox"/>
3.3	11-15 years	3 <input type="checkbox"/>
3.4	16 and above	4 <input type="checkbox"/>

## SECTION B

**Please follow the instructions carefully and tick the correct answer (X)**

STRONGLY AGREE= SA

AGREE= A

NEUTRAL= N

DISAGREE= D

STRONGLY DISAGREE= SD

**1. Please indicate your response regarding the implication of staff turnover to employees' perceived performance in K.A.M PLC**

No	Item	SA	A	N	D	SD
2.1	Staff turnover in my organization increased my work load	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
2.2	I am stressed at work due to staff turnover in my organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
2.3	I am asked to work over time because of staff turnover rate in my organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
2.4	I spend too much time in training New staff members as a result of staff turnover in my organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
2.5	My performance is diminished due to staff turnover in my organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

➤ **The following questions are answered by Only Employees at Managerial Level.**

**3. Please indicate your response regarding the implication of staff turnover to perceived Organizational effectiveness in K.A.M PLC**

No	Item	SA	A	N	D	SD
3.1	Staff turnover resulted in wastage of resources of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.2	Staff turnover reduced the efficiency of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.3	Staff Turnover reduced service provision and delivery of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.4	Staff turnover resulted in loss of customers of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.5	Staff turnover reduced the profitability of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.6	Staff turnover resulted in loss of good will and reputation of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
3.7	Staff turnover affected the competitiveness of the organization	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

**Thank you for your cooperation.**

## **APPENDIX B**

### **Permission Letter and Letter of Authorization to conduct a research**

**To: K.A.M PLC**  
**Department of Human Resource Administration**  
**Addis Ababa**  
**Ethiopia**

#### **PERMISSION LETTER TO CONDUCT A RESEARCH**

**Dear Sir:**

I, Biruk Ashenafi request your permission for my study carried out for the requirements of Masters Degree in Business Management, at the department of Business management in Faculty of Management at St.Marry University. The title of the research is the impact of staff turnover on employee performance and organizational effectiveness, the case of K.A.M PLC. The participation in this study is voluntarily and no one will be forced to participate. The research will ensure Privacy of information that will be provided by participants. Please be ensured that the information to be provided will be treated with confidentiality and it will not be used for any other purpose except for this degree only. The findings of the study will make a valuable contribution to K.A.M PLC. Your Permission will be of help for my study and I will be grateful if you will permit me to carry out my study. Hoping your kind consideration and approval.

Your consent will be highly appreciated.

Regards

.....

Biruk Ashenafi

## **DECLARATION**

I, BirukAshenafi, do hereby declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

---

Signature

---

Date

## **CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by St.Marry University, a dissertation titled '**The impact of high staff turnover on employee performance and organizational effectiveness, the case of K.A.M PLC.**' in partial fulfillment of the requirements for degree of Masters in Business Administration. (MBA)

---

**Goitom Abraham ( Assistant Professor)**  
**(Advisor)**

---

**Date**