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**ST.MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**DEPARTMENT OF PROJECT MANAGEMENT**

**THE CAUSES AND IMPACT OF EMPLOYEE  
TURNOVER ON PROJECT PERFORMANCE**

**THE CASE OF ETHIOPIA SUGAR  
CORPORATION PROJECTS**

**BY: GETACHEW YETENA BEKELE**

**June, 2017**

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## **LIST OF ACRONYMS**

ADB: African Development Bank

ADF: African Development Fund

ESC: Ethiopian Sugar Corporation

FSF: Finchaa Sugar Factory

GTP: Gross domestic product

HR: Human Resource

HRMD: Human Resource Management Department

KKSF: Kesseme Kebena Sugar Factory

PM: Project Management

TCD: Tone of Cane Crashed Per Day

## **ABSTRACT**

The objective of this study is to the causes and impact of employee turnover on project on project performance at Ethiopia Sugar Corporation. The study employed quantitative and qualitative research approach. Random and purposive sampling techniques were used to select the sample from the population. Questionnaire, interview and document review were used for data collection. Descriptive statistics such as percentage, mean value, cross tabulation were employed for data analysis. The questionnaires were open-ended questions and one hundred thirty eight (138) respondents were from Finchaa sugar factory and the rest fifty eight (58) respondents were from Kesseme Kebena Sugar factory. The study revealed that salary is the primary cause of staff turnover in both projects. In addition, lack of employee assistance programs, mismanagement of employee, lack of employee involvement in decision making, the difficulty of working conditions and lack of capacity in project management poor working relationship between employees, project cost overrun, lack of flexible working condition and lack of commitment were the cause of staff turnover in both projects. The recommendations highlighted that top management should improve the compensation of employees improve the working condition for the employees, develop realistic resource utilization strategy to reduce production cost , economic decision on the price of sugar and lack performance local project contractors.

**Keywords:** Employee Turnover, Job Satisfaction, Project Performance, Work Environment, Impact of Turnover, Ethiopia Sugar Corporation.

## **CHAPTER ONE: INTRODUCTION**

### **1. Background of the Study**

The failure or success of an organization can be summed up to the inputs initiated from its human resource, its technology and the type of materials it has. Technology and materials cannot operate in isolation; they need the human touch and hands to make an organization perform effectively and efficiently. The factors that influence the performance of employees are matter of key interest for researchers. It is a general fact that highly satisfied & motivated employees following a pattern of daily work management have been the core strength of the most successful organizations.

The current state of the economy characterized by information explosion, liberalization, globalization and intense competition from within and outside the country has led many organizations both in the private and public sector become preoccupied on how to increase the “added value” of their employees. There is a need to encourage employees to remain in the organization and to increase productivity beyond that which is at a minimum accepted standard using scarce resources (Kimathi, 2000).

A turnover rate is the percentage of employees that a company must replace within a given time period. This proportion is a concern to most firms because employee turnover can be an expensive, especially for organizations under expansion, which typically has the highest turnover rates.

Employee turnover is the number of permanent employees leaving the company within the reported period versus the number of actual active permanent employees on the last day of the previous reported period (Trove, 2005).

The most common reason why employees leave a certain organization is that they see better chance somewhere else and dissatisfaction of employee. Employees has a growing desire to own more things and better pay can offer them opportunities to satisfy their desire. Apart from that, they are forced to look for good salary because of financial needs.

Another reason could be that the employees de-motivated because of plenty of reason within the organization. There are cases when employees leave the company even if they were being

paid competitive salaries. This is because of the organization itself. Employee does not approve of the management style and they are unhappy with the culture of the organization. These factors can cause employees to say goodbye to the organization (Rivera 1999).

There are also cases when the employees leave because of challenges with colleagues or bosses. Clashes of characters are common in the workstation. When an employee can no longer stand the tension in the workstation, he/she may option to leave the organization. It does not matter if he/she finally got his vision job or getting a high payee. If he/she no longer has peace of mind, he/she will look for another job (Rivera 1999).

Employee turnover is one of the areas that are of great interest for managerial decision making. This is because if, for instance, the number of out flow is greater than the number of inflows, then the organization might lag behind its objective and exposed to unexpected and extra costs. Many authors have defined the concept “turnover” in different ways, but in the same context. However, the general definition of employee turnover is the permanent separation of employees from an organization. An employee may voluntarily or involuntarily leave an organization. Involuntary turnover is attributed to those factors that are beyond the control of the person, like death, layoff, dismissal, retirement, and so on while in case of voluntary turnover, employees leave organization based on their personal interest or due to factors such as nature of the job, problem with their coworkers. The study was a descriptive study on professional staff turnover at Finchaa expansion project and Kesseme Kebena sugar development projects.

### **1.1 Statement of the Problem**

The sugar development project is the major agro-based rural industry. It has brought major social–economic changes in the rural area and plays a significant role in the socioeconomic development of the country. Currently, the Ethiopian Sugar Corporation (ESC), the only sugar sector role player and a catalyst for the country’s economic development including energy supply, job creation and tax revenue, is working hard to strategically manage all sugar manufacturing factories that are accountable to it. The Corporation also establishes ten new sugar development projects in addition to the three existing factories with expansion in the different parts of the country.

The sugar factories accomplished the 1st five year strategic plans (2009-2014) which was not implemented as required and also at the moment they are started the implementation of 2<sup>nd</sup> GTP (2016 – 2019). Finchaa Sugar Factory expansion project and Kesseme Kebena Sugar Development Project are among the projects under taken by Ethiopia Sugar Corporation and started implementation in 2007. All sugar factories and projects were facing serious challenges of professional turnover, cost overrun and delay of the projects suffering with the lack of experienced professionals which may have some impact on the project's performance.

Both projects have been experiencing some level of turnover. This turnover has been of great concern to the project. Losing experienced and skilled labour is very costly, since the organization has to employ and train new employees. The number of workers leaving the company has been on increase every year and the trend is worrying the industry. In all the existing and newly develop sugar industries the problem of turnover alarmingly increasing from time to time and it is a big issues for the management of the sectors. The poor performance according to the review report of project in 2016 annual report experienced by all factories and projects has the effect of demoralizing the workers. High labour turnover is costly, lowers productivity and morale and tends to get worse if not dealt with. It is on the basis of the above premise that this study seeks to assess the causes of labour turnover and Impact on the project performance in Finchaa sugar expansion project and Kesseme Kebena Sugar Development Projects to come with valuable recommendation to the management of the corporation to reduce staff turnover and increase performance of projects implemented under the ESC. Source: ESC 2016 Annual Report

## **1.2 Objectives of the Study**

### **1.2.1 General Objectives:**

The general objective of this project is to investigate cause employees' turnover and its impact on project performance.

### **1.2.2 Specific objectives;**

To identify factors contributing to employees turnover from the projects;

To explain the effect of staff turnover on the performance of the projects;

### **1.2.3 Basic Questions**

For this problem of stated above, there are guidance questions as follows:

What are the major contributing factors for employee's turnover?

What are the effects of employee's turnover on project performance?

### **1.3 Significance of the Study**

Cost of employee turnover for an organization is high, regardless of the level of wages being paid to the departing employees. In this regard findings and the recommendations of this study will be useful to the factories leader, human resource training and development officers, department heads and administrators of ESC head office and both factories to understand the effect of employee turnover on the performance of the projects and thereby reduce the rate of turnover. It also enables to ensure stable and well-motivated employees. The findings of this research project will also help as a source of reference for those researchers who want to make further study on the area of employee turnover and input for policy makers and implementers though the study is academic . Finally it will give the researcher the opportunity to gain deep knowledge on the effects, cost, and case of employee turnover and its relation with performance of projects.

### **1.4 Delimitations and limitation of the Study**

The study was delimited to only technical and professional staffs of the project related to working environment, internal and external motivating factors, management style, incentive factors and project performance of both Fincha Sugar Factories expansion project and Kessem Kebena Sugar development project and the study were many challenges faced, the unwillingness of the respondents to fill the questionnaire, and the unavailability of well-organized secondary data that can be easily accessed for the purpose. In addition to the mentioned factors, this study did not included ex-employees and only focused on the opinion of the current employees since it need more effort and time to get those most ex-employees the other main limitation it is not cover all the projects only two project because of the project is highly scattered in the country and needs plenty of time and cost to undertake the overall tasks.

## **1.5 Organization of the Study**

This thesis has five chapters. chapter one contains introduction, background of the study, statement of the problem, objectives of the study, research questions, significance of the study, delimitations of the study, operational definition of terms and organization of the study. The second chapter was reviewed the related literature review that include the project management knowledge area related to turnover and conceptual framework that is associated with turnover factors , driven development and concepts of project management. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four is about data analysis and discussion of results. Finally, chapter five contains summary, conclusions and recommendations.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.1 Introduction**

The chapter provides a review of available literature in the area of employee turnover and its impact. The first part of the chapter begins with a review of literature on concepts/theoretical framework, defining turnover. This is followed by the discussion on factors affecting employee turnover and its impact on project performance. It then goes on to describe the scenario of employee turnover and its impact on project performance in Ethiopia Sugar Corporation projects at Finchaa expansion and Kesseme Kebena sugar development projects. The chapter ends with identification of problem areas and research gaps in the context of employee turnover and project performance.

### **2.2 Employees Turnover: Definition and Concepts**

Employee turnover refers to the rotation of workers around the labour market, between firms, jobs and occupations (Carley 1992). In this study, we define employee turnover to be the movement of workers in and out of project team during the course of the project. Employee may leave the team to join other units within the same organization, or leave the organization entirely. Likewise, new employee may join from other units within the organization, or be completely new hires from outside the organization.

Internal factors such as facilities in the project area and external factors such as salary and other benefit packages in external market should be taken in account to reduce the turnover rate. More specifically, the following points stated as causes of turnover. Ineffective communication about job expectations, inability to listen well and ask the right questions respectfully, wage problems, under-utilization of skills, adverse working environment, and lack of opportunity for advancement through seniority, lack of well-organized training program (Pertrillose, 1998).

As the labor market gets smaller companies become more competitive in their compensation structure making corporate culture more important than ever. Employees are less loyal to their organizations, they want more involvement in decision making and they see in their work a realization of themselves and this is a fundamental reason for their leave in case their job doesn't satisfy them (Surline, 1999).



Employee turnover is the replacement cycle each time a position is vacated either voluntarily or involuntarily (Woods, 2006). The term “turnover” is defined by Price (1977) as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. Voluntary turnover is when an employee chooses to quit their job. When the company ends the working relationship through either layoff or discharge, this is an involuntary turnover. Not all employee turnovers can be controlled by the company but the rate of voluntary turnover can and should be a priority for managers. Griffeth and Hom (2001) offer to focus on the part of turnover that is of real concern to an organization by differentiating between voluntary and involuntary turnover. In other words, did the employee choose to leave the job or was it a decision made by the employer? Then, voluntary resignations are further distinguished between functional (exit of substandard performers) and dysfunctional (exit of effective performers). Finally, unavoidable resignations over which the employer has no influence are also left aside (family move, childbirth, serious illness or death). This leaves the group of avoidable resignations as the key focus. It also implies that to allow an informed decision, turnover rates have to be calculated down to department level, to identify which areas are most problematic. Based on this issues employee turnover may be classified into five categories:

**a) Functional and Dysfunctional:**

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

**b) Avoidable and unavoidable:**

Avoidable turnover is causes that the organization may able to influence or handle it. For employees who leave the job because of low job satisfaction, problems of mismanagement, benefit packages ... etc can be retained through improving the stated administration activities. Unavoidable employee turnover stems from causes over which the organization has little or no control of it. For instance organization may not able to control employee who is going to leave because of health problem or desire to relocate to other geographical areas (David, 2008).

**c) Voluntary and Involuntary:**

Voluntary is initiated by employee. When employee choice or intended to leave the organization and initiated by him/herself. Involuntary when employee has no choice in the

termination process. It can result from different situation like; dismissal, retirement, physical/mental disability, moving/relocation ... etc. even though both concerned with separation of employee, it needs different managerial handling techniques (David, 2008).

**d) Internal Vs. External Turnover:**

Internal turnover happens when employees send-off their current position and getting a new position within the same organization. It is related with the internal recruitment where organizations filling the vacant position by their employee or recruiting within the organization.

**e) Skilled Vs. Unskilled Turnover**

Untrained, uneducated and unskilled positions often face high turnover rate. Without the organization or business incurring any loss of performance, employees can generally be replaced. On the other hand skilled and educated positions may create a risk to the organization while leaving. Therefore turnover for skilled and educated professionals incur replacement costs as well as competitive disadvantage of the business.

### **2.3 Cause of Employee Turnover**

Many employees in different industries leave their job because of multiple internal and external factors. Different writers states that employees quit because of their supervisors, lack of trust, communication, lack of familiarity, unfair treatment of employee, low wage, hard working environment, and others. Because of this, organizations miss their customers and client face poor operating system or low productivity (Flex, 2012).

A survey conducted in Kenya sugar factory by Hannah (2012) indicated that lack of training and poor training handling system was one of the major factors causing employees to leave their organization. The company conducts or provides limited chance of training for its employees assigned in different work area.

Different researchers identified that inadequate training and development program that doesn't go to specific needs of employees lead to job dissatisfaction. Regardless of their position and title, employees forced to leave their organization due to the absence of training (Sadra, 2012).

Manager's inadequate knowledge about the human resource management is one of the core and basic reason for employee dissatisfaction and leave. Davi (2006) on their research made on humanitarian agency revealed that 70% of employees are decided to leave the organization

because of the management of the organization. The research stated that project field managers who have technical background like medicine, engineering... work on managerial responsibilities without any further training or knowledge of human resource and this led to employee dissatisfaction and turnover (David 2006).

In today's global economy, knowledge is becoming basic capital and the trigger of development. Modern organizations therefore, use their resources (money, time) for training and development of employees and to retain them. The prioritization of training and development retain the knowledge and skill of employee within their jobs and boost competitive advantages of the organization. Different writers agree that training and development can provide a measurable return on investment are revenue generation, productivity/performance improvement and cost reduction.

### **2.3.1 Job Satisfaction**

Employee satisfaction has influence on employee turnover in organizations. The implication of this fact is that the extent to which an organization is able to achieve its objectives depends on the level of job satisfaction that is made available to its workers. It has long been thought to have a significant effect on job performance.

In its most basic sense, job satisfaction is a positive emotional state resulting from evaluating one's job experiences. Job dissatisfaction occurs when these expectations are not met. If an employee expects clean and safe working conditions on the job, then the employee is likely to be dissatisfied if the workplace is dirty and dangerous. Job satisfaction has many dimensions. Commonly noted facts are satisfaction with the work itself, wages, and recognition, rapport with supervisors and coworkers, and chance for advancement. Each dimension contributes to an individual's overall feeling of satisfaction with the job itself. When circumstances such as stated above as the nature of the job, supervisors and coworkers, pay levels, or the employee's own disposition cause the employee to become dissatisfied with the job and lead him to avoid the work situation physically, mentally, or emotionally (Noe 2003).

In an organization downsizing, it is more concerned with reducing of employees from an organization that is more important than technology. Murthy (2003) underlined that employees

want an environment where they can take pride in what they are doing and needs recognition as they are valuable for the organization. Hence, employees need a conducive and satisfactory environment for work. The work environment for the job can bring a sense of satisfaction as they contribute to the organization. Managers in return bring job satisfaction through rotating the job, posing newer challenges, giving more responsibility, and praising employee for job well done (Murthy, 2003). In a working area employees interact with supervisors and colleague (fellow employees) and these influence employee feelings about job satisfaction.

Henman, and Dyer (2000) defined job satisfaction as depending on an evaluation the employee make of the job and the environment surrounding the job.

The number of people who are dissatisfied with their jobs nationally varies with the unemployment rate. Higher unemployment rates usually mean more dissatisfied workers because it is more difficult to change jobs, and people stay longer on jobs they do not like. Those workers who are mostly satisfied with their jobs vary from 60 to 85 percent of the total. These numbers are similar to those found in Europe when employees are asked about satisfaction with their jobs. Individual managers seem to have a greater impact on employee satisfaction than the company itself.

Koys (2001, in Mathis 2006: 121) revealed, there is no simple formula for predicting a worker's satisfaction. Furthermore, the relationship between productivity and job satisfaction is not entirely clear. The critical factor is what employees expect from their jobs and what they are receiving as rewards from their jobs. Although job satisfaction itself is interesting and important, perhaps the "bottom line" is the impact that job satisfaction has on organizational commitment, which affects the goals of productivity, quality, and service.

### **2.3.2 Pays and Benefits Conditions**

Turnover depends on employee perceptions of the desirability and ease of movement. Employees seek to improve their employment conditions when they change job. Therefore, employees in an organization improve their pay level if they obtain a new job before the leave their present job. Herbert (2000) stated organizations pay level is a potentially important direct influence on voluntary turnover. In this knowledge era, where pay is one of a determinant factor, employees quit current job and accept the job with higher pay opportunity. Therefore,

organizations critically aware that low wage rate will result into higher employee turnover and separation.

Pay level is not the only reason for employee's turnover and separation but also, pay system whereby employees can be satisfied or dissatisfied with the organizations pay system. Pay system based on the seniority of employees or per the performance appraisal. Employees are satisfied with existing pay system if they believed that rewards or incentives are paid based on fairness and considered seniority or performance evaluation of all employees (Herbert, 2009).

For all the concerned with positive relationship and interesting work, it is important to keep in mind that employees definitely care about their earnings. A job is the primary source of income and financial security for most people. Pay is also an indicator of status within the organization and in society at large, so it contributes to some people's self-worth. For all these reasons, satisfaction with pay is significant for retaining employees. Decisions about pay and benefits are so important and complex.

With regard to job satisfaction, the pay level is the amount of income associated with each job is important. Employers seeking to attract another organization's employee often do so by offering higher pay. Benefits such as insurance and vacation time are important, but employees often have difficulty in measuring their worth. Therefore, benefits influence job satisfaction, employees may not always consider them as much as pay itself (Noe & Gerhet, 2003).

Most studies stress the importance of compensation in attracting and keeping or reducing turnover and separation, particularly for workers whose skills and responsibilities are unique or indispensable to the organization or for the worker whom the organization invest considerable resources in recruiting and training programs. According to Clarence and Alex (2004) companies in highly competitive local labor markets expected to pay highly competitive rates against their competitors in each of their job classification, either it is semi-skilled or unskilled position.

Merit pay can play in attracting and minimizing employee turnover. Gedefaw (2012) on his research claimed that, salary and benefit were one of the major reasons for teachers' dissatisfaction. Low level pay has made a significant impact on teacher's classroom performance and on the quality of education.

### **2.3.3 The Characteristics of the Job**

Some jobs are intrinsically more attractive than others. A job's attractiveness will be affected by many characteristics, including its repetitiveness, challenges, danger, perceived importance and capacity to elicit a sense of accomplishment.

### **2.3.4 Career Development**

David and Stephen (2005) Career development is another leading factor that contributes to employee turnover and separation. It is defined as advancement. Career development is the pattern of work-related experiences that span the course of a person's life. Career development is a process through which the action plans are implemented. It is where individual career plans encounter organizational realities (Herbert, 2000). It is a guarantee for an employee to be promoted. Employee's commitment towards achievement of organizational goal will be developed by creating sense of ownership among the employee of the organization.

Dessler (2000) affirmed that career development programs of an organization helps an individual in the organization to see himself and develop career potential. Therefore, workshop, and other skill assessment and career gap analysis are implemented to identify career-related skills and develop the need they require. Hence, structured and well function development plan encourage employees and enable them to have equal opportunity and make themselves promotable at their firm. Organizations make the system easier for employee to choose and get lateral move. It also provides continues opportunity for each employee to grow, by learning new subject and meet new challenges there by foster commitment. Such a clear and equal opportunity in career development build sense of organizational ownership and minimizes employee turnover and separation (Dessler, 2000).

From organizational view point Liloyd and Leslie (2004) career development can reduce costs due to employee turnover. And from employee's side career improve moral, boost productivity, & help the organization becomes more efficient. Career development has a positive effect on the employee. they stated that career development is an ongoing formalized effort by an organization that focuses on developing and enriching the organization's human resources in light of both the organization and individual needs. The organizations develop and

communicate career opinions with the organization to employees and employees by their side prepare themselves to receive encouragements,

Lloyd and Leslie (2004) described the manager's commitment towards willingness of career development as "the critical battleground in career development is inside the mind of the person charged with supervisory responsibilities". It means that, managers or immediate supervisors towards consulting of their subordinate, in relation to career development are very weak and slow. Because of this, many managers do not perceive career counseling as part of their managerial duties. This inappropriate handling of career development program among employee of the organization leads to dissatisfaction and turnover.

### **2.3.5 Work Environment**

The work environment refers to the relationship between a worker and the environment that can be broken down into different dimensions like the social, technical and economic in which the work is normally viewed and designed.

Robbins (2001) advocates that working conditions will influence job satisfaction, as employees are concerned with a comfortable physical work environment. In turn this will render a more positive level of job satisfaction. Miller,(2001) forwarded their view that employees get benefited by work environment that provide sense of belonging.

Kabir (2011) also established in his research at Pharmaceutical industry, Bangladesh that working environment played an important role in the employee's job satisfaction. The employees are the most important asset in all companies. A good working environment reduces sick leave, lowers turnover rates and increases efficiency .Work environment means the physical aspects of a workplace environment can have a direct impact on the productivity, health and safety, comfort, concentration, job satisfaction and morale of the people within it. Important factors in the work environment that should be considered include building design and age, workplace layout, workstation set-up, furniture and equipment design and quality, space, temperature, ventilation, lighting, noise, vibration, radiation, air quality.

The productivity of employees is determined by an inordinate level, on the environment in which they work. Work environment involves all the aspects which act and react on the body and mind of an employee under organizational psychology, the physical, mental and social

environment where employees are working together and their work to be analyzed for better effectiveness and increase productivity. The major purpose is to generate an environment which ensures the ultimate ease of effort and eliminates all the causes of frustration, anxiety and worry. If the environment is congenial, fatigue, monotony and boredom are minimized and work performance can be maximized.

Work has an economic aspect as well as mechanical aspect and it has also psychological aspect. Effective work environment encourage the happier employee with their job that ultimately influence the growth of an individual and organization which leads to growth of an economic level.

The concept of work environment is an actual comprehensive one including the physical, psychological and social aspects that mark up the working condition. Work environment performs to have both positive and negative effects on the psychological and welfare of employees. The work environment can be described as the environment in which people are working. Such as, it is very wide category that incorporates the physical scenery (e.g. noise, equipment, heat), fundamentals of the job itself (e.g. workload, task, complexity) extensive business features (e.g. culture, history) and even extra business background (e.g. industry setting, workers relation). However all the aspects of work environment are correspondingly significant or indeed appropriate when considered job satisfaction and this also affects the welfare of employees.

The work environment and job satisfaction go hand in hand. How feel about work, office and co-workers will affect productivity and how long decide to stay at job. A positive or negative workplace environment can help or harm job satisfaction and employee turnover.

A positive work environment is not only important for physical, mental and emotional health, but is also important for the product or service produce for the company. The better feel at work, the more likely will take pride in work functions and be loyal toward place of employment.

**Elements of work environment:** Generally work environment may be divided into three broad components

**Physical Environment:** This includes ventilation & Temperature, Noise, Infrastructure and Interior and Amenities.



**Mental Environment:** This connotes Fatigue, Boredom, Monotony, and Attitude & Behavior of Supervisor & Colleagues.

**Social Environment:** Social environment denotes to the cluster to which an employees to be appropriate. Employees develop an intellect of belonging to their cluster. The standards and privileged of the cluster impact significantly the attitude and behavior of individual employees.

**Effect of Work Environment on Job Satisfaction:** The main aim of this study is to identify the effect of work environment on job satisfaction. However the physical work environment creates the physical condition that can affect the health of employees. Yet, the way in which the mental environment creates vicious condition (e.g. fatigue boredom, attitude and behavior of supervisor and colleagues) for employees and social environment can affect the confidence level or performance of employees. So, ultimately the work environment can influence the satisfaction level of employees or else these factors can consequence the performance of overall.

## **2.4 Impact of Employee Turnover**

Employee turnover have detrimental effects on clients and remaining staff members who struggle to give and receive quality services when positions are vacated and then filled by inexperienced personnel. Also, high rates can bring about client's mistrust and discourage workers form remaining loyal to the organization or even those seeking to enter it. Additionally, labor turnover is costly and unproductively time consuming, and it is responsible for the early cycle of recruitment employment orientation production, resignation that is detrimental to the reputation of organizations which are entangled in it. Yared (2007), on his research conducted at the IRC stated that the organization has been incurred a huge amount of money in a year because of staff turnover. Accordingly, the institute was incurred costs for vacancy posting, medical checkup expense, telephone call for checking references, travel cost, costs related with orientation new recruited employees, relocation expenses and others which estimated to birr 202, 200.00. He also underlined other non-financial values that the organization has lost including, time spend by managers to review the employment process, loss of organizational memory, time and money spent for training of newly employed personnel until he gain the desired level of skills are other major factors that the institute have lost.

## **2.5 Impact of Turnover on Project Performance**

High rates of employee turnover will cause reducing project performance. Employees who have additional expertise at a definite company are additional aware of the company's policies, goals and the way to meet their roles within the company. New employees typically need time to be told the way to fulfill their roles; since firms with high turnover can tend to possess additional inexperienced employees, they may conjointly suffer from lower achievements. Little firms with few total workers might notice it particularly troublesome to interchange employees, as employees might fill a spread of various specialized roles. 40 % of the Engineers suggest that the performance decreases due to the Employee turnover.

High turnover , the basic and fundamental level of expertise across the project, is below it otherwise would be workers with less expertise in the project will not produce good results rather a project execution, the efficiency of project is probably going lower. In sales and repair jobs, sales results and repair satisfaction ratings are affected. 16 % workers felt issue to finish the duty inside the estimated time (Thomas, 2013).

### **i. Loss in Productivity**

Higher rate of labor turnover has the tendency to bring about low productivity where employees are aware that their position is not secure. For instance employees who are not under intense supervision devote much productive than those intense supervision (Tim & Bruce, 2008).

### **ii. High Training and Recruitment Costs**

Once new employee come on board, they could have to go through the project's laid down training, orientation/induction programs. These activities are organized at an extra cost to the projects depending on their frequency. However, with a low rate of labor turnover, a greater percentage of this cost could be avoided (Henry, 2007).

### **iii. Loss of Experienced and Skilled Personnel**

Labor turnover results in the loss of some of the very experienced and skilled employees. This adversely affects the organization since quality of output tends to suffer. It wills therefore; take some time for new employees to have control over their respective roles whereas existing employees would not have to go through that process. In terms of output however, it is the projects that losses.

#### **iv. Loss of Confidence**

When labor turnover rates becomes so alarming the public will began to lose confidence in the project. The future or survival of the project will be in doubt to the public once they see employees moving in and out or quit the project. In addition to this loss in public confidence can bring a problem in getting of qualified employee to replace those left the project. This is obvious because it is the employees who demonstrate what the project represents through the delivery of quality output or service to the public. And if these same employees have uncertain future in the project then eyebrow will surely be raised (Henry, 2007).

### **2.6 Empirical Studies**

According to Abuzar, (2015) a web-based survey was designed to collect data with the objective of the reasons for project management turnover; examine the extent project management turnover associated with a particular phase of the project life cycle and investigate effects of project management turnover on project performance and obtained from a survey of project managers employed by an international aircraft organization. The most significant findings are that project managers are critical to project success and have a significant impact on the performance of their project teams and project management turnover occurs predominantly in the execution phase of the project life cycle and that the main reasons for the turnover event are career motives, including the need for personal development, and dissatisfaction with the organizational culture and project management role. The results confirm that the turnover event disrupts and negatively affects the performance of the project team, the project, and potentially negates the competitive advantage of organizations in which it occurs.

According to Abuzar, (2015) on the tile “determination of the factors contributing to project management turnover” with two objectives of examining causative factors of managerial turnover and factors that retain managers and a descriptive research design was adopted to collect data through personal visits and email from different project managers working in different private organization in karachi. And finally, the significant findings of the study are explained us the success of any project is associated with the project managers and their role is momentous on the project performance , compensation, carrier growth and job

security are played a very important role in boosting or controlling managerial departure, the expected outcomes due to project manager's departure are difficulty in achieving performance goal, disorganization and increase work load on other employees and project management turnover unswervingly have an effect on associate members of the team, pessimistically disturbing the firm performance and ultimately reduce the effectiveness of the firm.

Upon wesonga et al, the reasons why workers leave Kenya's sugar industry. The study further sought to establish the human resource practices in the sugar industry, assessed the extent of labor turnover, determined factors causing labor turnover and identified possible solutions to labor turnover in the sugar industry. Data was analyzed by use of basic descriptive statistical tools. The study found that salary is a major factor causing labor turnover followed by training, promotion, performance appraisal and work condition. Other factors like recognition, job content, participation in decision making and leadership style did not feature prominently as causes of labor turnover. Participation in decision-making and leadership style has a major bearing in performance of workers and productivity. It was also revealed that although lack of employee commitment and motivation can be major causes of labor turnover, they are dependent on all the other factors causing labor turnover.

wesonga et al, the study they were distributed 120 questionnaires which 114 were distributed to non-managerial staff and 6 were distributed to managers of the sugar firms. 110 out of 114 non-managerial staff responded while only 3 out of 6 managers responded upon this. The study was analyzed by use of basic descriptive statistical tools and revealed that labor turnover is widespread in the sugar firms and that it affects all categories of staff in these firms. The study also observed that labor turnover is spread throughout the year and that it frustrates and impacts negatively on the sugar firms. The study found that salary is a major factor causing labor turnover followed by training, promotion, performance appraisal and work condition. Other factors like recognition, job content, participation in decision making and leadership style did not feature prominently as causes of labor turnover. Participation in decision making and leadership style has a major bearing in performance of workers and productivity. It was also revealed that although lack of employee commitment and motivation can be major causes of labor turnover, they are dependent on all the other factors causing labor turnover.

The relationship with our research is that the above two journals are focused the project based turnover with few similar objectives like investigate effects of project management turnover on project performance and the difference with our research is the methodology of the research since we use that a descriptive research design with distributing questionnaires will deliver by hand to the respondents at their duty stations during working hours by the researcher and assistants rather the first journal use web-based survey was designed was used to collect data and the second use a descriptive research design was adopted to collect data through personal visits and email from different project managers working in different private organization. Finally, the third journal the title, few objectives and the methodology is very similar with our research.

## 2.7 Conceptual/Analytical Framework

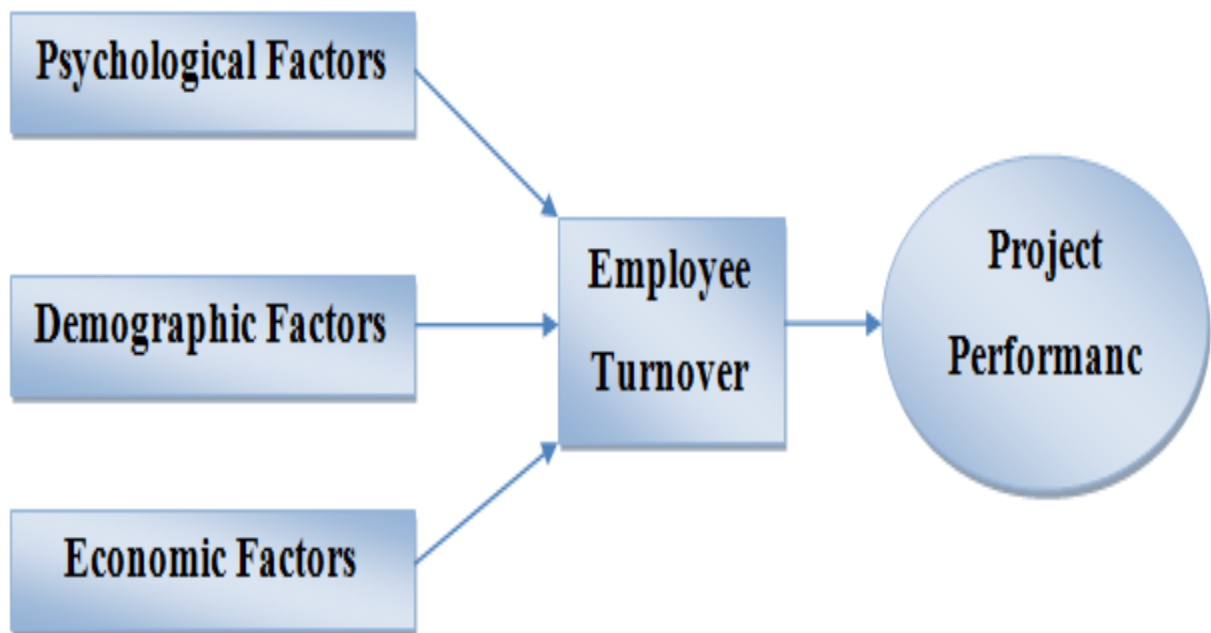


Fig 1.1: Conceptual/Analytical Framework

A representation of the following figure is the conceptual framework. In order to understand the area of the research study depicted in the conceptual framework, it is necessary to discuss the study as it relates to the analysis of the impact of employee turnover on project performance. The conceptual framework illustrates the various inputs, outputs which interacts a

dependent variable project performance with independent variable of employee turnover, employee motivation, working environment and job satisfaction.

The dependent variable, project performance can be explained by the independent variables; employee turnover, employee motivation, working environment and job satisfaction. As work environment disturbed occurs and this leads to turnover.

Other independent variables like salary ,compensation practice, training , career development, and job dissatisfaction impacts on turnover if not managed and implemented properly. The above mentioned independent variables negatively impact turnover, the dependent variable. They can be seen as avoidable variables. Addressing these issues could also be considered as addressing what effects can bring employee turnover on project performance.

### **2.7.1 The Underlying Theory or Assumptions**

The underlying assumptions in this research is that “employee turnover and productivity will mediate the relationship between systems of high performance, work practice and corporate financial”. Accurate employee turnover predictions models are critical in the early detection of anticipated turnover, and thus giving managers sufficient time to deal with turnover management issues. The logit and prohibit models have been successfully applied to solve voluntary turnover. The models assume that all employees are not created equal as alternative methods of assessing employee turnover. Accordingly, these two models also provide a promising alternative for predicting employee turnover in human resource management.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

This chapter describes the research design that was used during data collection sampling Method and technique that were followed this chapter also describes the research instruments and data analysis tools and methods as well as the tools used in reported.

### **3.2 Research Design and Approach**

The study adopted a descriptive research design quantitative and qualitative data that described the nature and characteristics of the impacts of employee turnover on project performance. According to Sekeran (2003), descriptive research design is type of design used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation.

This design was involved collecting data in order to answer questions concerning the subjects of the study. Kothari (1985) notes that descriptive design was concerned with describing, recording, analyzing and reporting conditions that exist. Furthermore; Engelhart (1972) argues that descriptive methods were widely used to obtain data useful in evaluating present practices and in providing basis for decision-making.

A primary source of data collected both from Fincha and Kesseem/Kebena sugar development projects using interview and questionnaire. Professional staff served as primary sources of data responded since most turnover recorded on this group of employee and also high impacts on the performance of the projects to relevant issues of turnover and contributing factors and suitability of working environment. The secondary data between (2004 – 2008 E.C) like number of overall employee data , number of professional and skilled man power data, turnover data and other necessary information about the projects from the corporation HR and from both factories human resource department record office, annual report and project documents also reviewed . A participates sampled professionals and management staffs of both targeted projects.

### **3.3 Study Population**

#### **i. Finchaa Sugar Factory**

The study carried out in Fincha Sugar factory about 332 km north-west of Addis Ababa, Horro Guduru Wollega Zone, and West Central Ethiopia. The area can be reached through the main highway from Addis Ababa to Gedo (192 Km west of Addis Ababa) and thereafter by means of an all-weather gravel road from Gedo to Fincha Dam (95 km to the north-west of Gedo). Then at 47 km away from Fincha town, following a gravel road running along the top of the escarpment before it descends very steeply ends to the factory area.

The project is bounded by escarpments from east, west and south within the general boundaries of latitudes 9° 30'N to 10° 00'N and longitudes 37° 15' to 37° 30'E at an altitude between 1350 m and 1600 m above sea level. (FSF, Library). The finance needed to construct the factory was secured from the African Development Bank & African Development Fund; governments of Australia & Spain and domestic banks of the nation. The factory started production in 1998 and till July, 2013 the average annual production capacity of Finchaa Sugar Factory was 110,000 tons of sugar while it had the capacity of producing 8,000 meter cube ethanol. Till 2010 it had been the only factory in the country that produces ethanol.

The factory has carried out expansion projects both on its sugarcane plantation field and its sugar mill. Hence it has come up with a plant of 12,000 TCD capable of annually producing 270,000 tons of sugar and 20,000 meter cube ethanol by the end of the first GTP 2010 to 2015 period. Its previous capacity was 5,000 TCD.

To acquire and cultivate cane cultivation field capable enough to feed the expanded plant with more than double crushing capacity, the factory's agricultural expansion project has been carried out around the areas known as East Bank (eastern side of Finchaa River) , Neshie and also on the idle areas found on the Western side of the river. The factory expands its total sugarcane plantation land which had been only 12,170 hectares close to 19,500 hectares.

#### **ii. Kessem Kebena Sugar Factory**

The factory is found at Zone Three in Fentallie and Dulecha Woredas of Afar Regional State, 50 kilo meter from Metehara Sugar factory and 250km from the Ethiopian capital Addis Ababa



The factory is built by the China's Company called Compliant and it can crush 6000 tons of sugar cane per day. It started sample production as of May 2015 and it will soon start to produce in full capacity.

It is a factory which will have a total of 20,000 hectares of land to be cultivated with cane & its plantation expands to the areas known as Kessem and Bolhomon. In sugar cane cultivation and delivery scheme, it is also working with Amibara Agricultural Development Plc. The Plc is cultivating 6000 hectares of sugar cane.

Gradually it will have the capacity to grind 10,000 tons of sugar per day. It will be able to produce 153,000 tons of sugar and 12,500 meter cube ethanol at the start and when it later reaches its maximum crushing capacity, it will produce 260,000 tons of sugar and 30,000 meter cube ethanol a year. Moreover, the factory out of the total 26 megawatt electric power it generates, will contribute 15 megawatts to the national power grid.

Earlier the current Kessem Sugar Factory was part of the expansion project of Metehara Sugar Factory. It was after the establishment of Sugar Corporation the project was made to proceed as an independent entity. In order to benefit the local community from the factory; social institutions and sets of infrastructures are built. The Kesem Kebena Dam (that has the capacity of holding 500 million cubic meter water) is built for this purpose is on its way to completion.

The overall target of professional population since most turnovers recorded on both projects were from this group of employee and also high impacts on the performance of the projects. So, I was selected 1377 employees from Finchaa and also 516 employees from Kessem Kebena projects respectively. But, because of large number of target population, it is difficult to include all as sample of this study. So, it is pressured to take 10% from each sample category according to Engelhart (1972)

Table 3:1 Overall Employee Information of Finchaa, Kesseme/Kebena Sugar Factory.

| Employee type        | Budget Year |              |              |              |              |              |
|----------------------|-------------|--------------|--------------|--------------|--------------|--------------|
|                      | 2003        | 2004         | 2005         | 2006         | 2007         | 2008         |
| <b>Finchaa</b>       |             |              |              |              |              |              |
| Permanent            | 2346        | 2385         | 2546         | 2788         | 2838         | 3012         |
| Contract             | 115         | 90           | 80           | 63           | 218          | 241          |
| Seasonal             | 6876        | 8671         | 8895         | 9873         | 10533        | 10167        |
| <b>Finchaa Total</b> | <b>9337</b> | <b>11146</b> | <b>11521</b> | <b>12724</b> | <b>13589</b> | <b>13420</b> |
| <b>Kesseme</b>       |             |              |              |              |              |              |
| Permanent            |             |              | 126          | 298          | 1655         | 1737         |
| Contract             |             |              | 0            | 32           | 46           | 56           |
| Seasonal             |             |              | 678          | 1020         | 3750         | 2901         |
| <b>Kesseme Total</b> |             |              | <b>804</b>   | <b>1350</b>  | <b>5451</b>  | <b>4694</b>  |

Source: Secondary data (document) review. The secondary data collected from ESC HR dept.

Table 3:2 Professional Staff Information

| S/N | Type of Professions   | Budget Year |            |             |             |             |             |
|-----|-----------------------|-------------|------------|-------------|-------------|-------------|-------------|
|     |                       | 2003        | 2004       | 2005        | 2006        | 2007        | 2008        |
| 1   | Finchaa Sugar Factory |             |            |             |             |             |             |
| 1.1 | Engineers             | 9           | 14         | 14          | 18          | 24          | 45          |
| 1.2 | Social Science        | 298         | 333        | 368         | 420         | 470         | 484         |
| 1.3 | Agriculture           | 549         | 580        | 618         | 808         | 840         | 848         |
|     | <b>Total</b>          | <b>856</b>  | <b>927</b> | <b>1000</b> | <b>1246</b> | <b>1334</b> | <b>1377</b> |
| 2   | Kesseme Sugar Factory |             |            |             |             |             |             |
| 2.1 | Engineers             | 0           | 0          | 1           | 10          | 21          | 32          |
| 2.2 | Social Science        | 0           | 0          | 36          | 108         | 191         | 226         |
| 2.3 | Agriculture           | 0           | 0          | 64          | 133         | 314         | 258         |
|     | <b>Total</b>          | <b>0</b>    | <b>0</b>   | <b>101</b>  | <b>251</b>  | <b>526</b>  | <b>516</b>  |

Source: Secondary data (document) review. The secondary data collected from ESC HR dept.

### 3.4 Sample Size

Sample size depends largely on the degree to which the sample approximates qualities and characteristic of the overall population, including the degree of precision required. In addition, sample size depends on population variability and sampling methods together with analysis to be applied and operational feasibility.

A representative sample helps to generalize results. It must be chosen at random, large enough to satisfy the needs of the investigation undertaken and unbiased. Some studies consider that

sample size larger than 30 and less than 500 is appropriate of any research study (Krejcie & Morgan 1970). This study used 190 respondents from both Fincha & Kessem Kebena sugar factory as shown below:

Table 3:3 Sample size of both Fincha & Fessem Kebena Sugar Factory

| <b>Categories Sections</b>    | <b>Target Population</b> |              | <b>Sample Size</b> |              |
|-------------------------------|--------------------------|--------------|--------------------|--------------|
|                               | <b>FSF</b>               | <b>K/BSF</b> | <b>FSF</b>         | <b>K/BSF</b> |
| Agricultural Professional 10% | 848                      | 258          | 85                 | 26           |
| Social Science graduates 10%  | 484                      | 226          | 48                 | 23           |
| Engineers 10 %                | 45                       | 32           | 5                  | 3            |
| <b>Total</b>                  | 1377                     | 516          | 138                | 52           |

Source: secondary data (document) review.

### **3.4.1 Sampling Techniques**

In order to reach the desired number of the respondents, both simple random sampling and purposive sampling techniques were used particularly we were investigated our professionals repentant based on the purposive sampling and simple random method was used to distributed the questioners to those already identified respondents, The reason why I was selected simple random sampling was since this methods helps reducing the chance of biasness and improving the quality of data to be collected and every member of the population has an equal chance of being selected and the purposive sampling techniques was used for the purpose of collecting primary data from the selected employees of different section of both projects. But due to time and budget constraints, this study were not included all population as respondents. A list of total employees under HR departments of both projects was used as a sample frame.

### **3.4.2 Simple Random Sampling**

Simple random sampling was used so as to enable the researcher to choose the respondents basing on the fact that they have desirable characteristics and variable related to the issue being studied (Kothari, 2002). So, by using Simple random sampling the researcher was able to get respondents from both projects. This assured the quality of information to be collected

### **3.5 Data Collection Tools and Procedures**

The study collected both secondary and primary data. The secondary data's like the number of overall employees, number of professional and skilled man power, turnover data, impact of turnover on the project performance and few working environment information and other relevant document information were collected from corporate and factory records office, reports, project document in the company's library newsletters and company's website. The primary data's like demographic information, causative factors of staff turnover, project performance collected though interview and pre formulated structured questionnaires. These questionnaires delivered by hand to the respondents at their duty stations during working hours and the basic questions interview undertaken to few HR department staffs and other management staffs and other additional primary data collected though observation.

#### **3.5.1 Questionnaire**

This thesis utilized a questionnaire for investigation of employee turnover of both projects. The questionnaire is divided into five parts: The first part is designed to gather some general and demographic information about the research participants. The second part of the questionnaire targeted at collecting information related to factors of staff turnover to understanding the common reasons for high employee turnover, and to protect organization from a similar fate. The third part focused on impact of staff turnover on project performance which confirms that the turnover event disrupts and negatively affected the performance of the project team, the project, and potentially negates the competitive advantage of organizations in which it occurs. The fourth part retain staff turnover which are some effective methods employers can utilize in order to keep employees happy and part of their organization instead of looking for employment opportunities elsewhere and the fifth is related to suitability of working environments. Each item uses Likert 5-level scale method, namely Strongly Disagree, Disagree, Neutral, and Agree and strongly agrees;

### **3.5.2 Interview**

This is a method in which the subject or unit of study is interviewed. In this method few questions asked and conversation between the researcher and the respondents was done. Therefore, this method allowed in person conversation and therefore it was used in order to avoid uncertainty. Interview was conducted with some of the senior/ top level management teams.

### **3.5.3 Document Analysis**

Documentation method will be used by gathering data from secondary source. The documentary sources of data for research purposes include factory and corporation`s annual and quarter reports, memos, statistics, and manuals from archived was used for generating data.

## **3.6 Data Analysis and Interpretation**

The study used both the qualitative and quantitative data analysis techniques. Qualitative and quantitative researches provide both an in-depth look at context, processes, and interactions and precise measurement of attitudes and outcomes. In this mixed method the presentation of the results can be convincing and powerful (Marguerit, Dean, & Katherine, 2006). This method used in the different phases of the research to obtain a variety of information on the same issue and used to obtain a higher degree of validity and reliability through deeper analysis.

Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS). Variables such as income, sex, age, length of year they worked in the projects, education status, term of employment were also analyzed using descriptive statistics mainly percentage and means. The data was summarized descriptively using graphs and tables. And the qualitative data also analyzed by SPSS from collected Likert scale questionnaires and from interview and literature. The analysis and interpreted using both the quantitative and qualitative and relevant literature review.

## **CHAPTER FOUR: ANALYSIS OF THE DATA AND DISCUSSIONS**

### **4.1 Introduction**

In this chapter the analysis and discussion of the findings are presented. The analysis and discussion in this chapter is based on the responses from research questionnaires, interview questions and secondary data information. The research intended to assess the investigation of employee turnover on organization performance in the case of Ethiopia sugar corporation projects. As stated on the methodology part, a five year data was collected from currently employees of the project. In addition document review was conducted and management member were interviewed . The data was analyzed using percentage, cross tabulation based on the SPSS (Statistical Package for the social Science) software. A descriptive survey design was used in this study.

### **4.2 Response Rate**

The research was conducted on a sample of 190 respondents drawn from both projects which comprised of the agricultural Professional, Social Science graduates and Engineers out these 138 respondents were from Fincha expansion project with a response rate of 94 % and 52 respondents were from Kesseme Kebena sugar development project with a response rate of 100 %. So, it is response rate to undertake the statistical analysis. This creditable response rate was achieved because of good administered the questionnaires at the factory by the research assistants at both projects. The study used Likert scale in collecting and analyzing the data whereby a scale of 5 points were used in computing the means and standard deviations and finally the measures of central tendency were used. These were then presented in tables as appropriate with explanations given in prose.

### **4.3 Analysis of Demographic Data**

The demographic variable of the respondents such as gender, age, education status, income, length of the year they have stayed in the project, their work experience, Terms of employment and area of work was collected and the results presented as follows.

Table 4.1: Demographic characteristics of respondent

| <b>1</b> | <b>Sex of Respondents</b>           | <b>freq</b> | <b>Percent</b> |
|----------|-------------------------------------|-------------|----------------|
|          | Male                                | 158         | 87             |
|          | Female                              | 23          | 13             |
|          | <b>Total</b>                        | <b>181</b>  | <b>99</b>      |
| <b>2</b> | <b>Age of Respondents</b>           |             |                |
|          | <25                                 | 15          | 8.2            |
|          | 25 -34                              | 113         | 62.1           |
|          | 35-44 years                         | 37          | 20.3           |
|          | 45-54 years                         | 14          | 7.7            |
|          | 55 - 64 years                       | 2           | 1.1            |
|          | <b>Total</b>                        | <b>181</b>  | <b>99.5</b>    |
| <b>3</b> | <b>Qualification Respondents</b>    |             |                |
|          | Trade/technical/vocational training | 4           | 2.2            |
|          | Diploma                             | 53          | 29.1           |
|          | Bachelor's degree                   | 112         | 61.5           |
|          | Master's degree                     | 9           | 4.9            |
|          | Doctorate degree                    | 1           | .5             |
|          | <b>Total</b>                        | <b>179</b>  | <b>98.4</b>    |
| <b>4</b> | <b>Experience of Respondents</b>    |             |                |
|          | 1-3 years                           | 50          | 27.5           |
|          | 3 -6 years                          | 60          | 33.0           |
|          | 6 - 9 years                         | 17          | 9.3            |
|          | 9-12 years                          | 16          | 8.8            |
|          | >= 12                               | 36          | 19.8           |
|          | <b>Total</b>                        | <b>179</b>  | <b>98.4</b>    |

Source: Survey Data

### **Description of Age and Sex Respondent**

Male respondents highly dominate gender category with 85.71 % of the total respondents while the rest are female. Results in table 4.1 shows that most of the staff involved in projects implementation with 62.1 % of the respondents; both male and female were in the age bracket of 25 to 34 years followed by 20.3% in the age bracket of between 35 to 44 years. Respondent with 7.1 % in the age bracket 45 to 55 years and only 1.1 % were between 55 to 64 year old. The table also shows that 8.2% of the respondents were less than 25 years old. This means that the staff involved in projects implementation in the projects are mainly in the age between 25 to 45 years with those who are less than 25 years and above 45 ranking lowest. According to Lucas (1995) and the ILO report (2001), young people in their first employments had greater expectations from the current jobs and whenever such expectations are not realized within a period of less than six months, they resign to look for better opportunities.

### **Description of Qualifications**

On the basis of professional qualifications implementation team in both project seem to be competent since most of the result of data shows that most of the employees of the organization are educated professionals. Accordingly, 61.5 % of the respondents have 1st degree holder and some senior managers and few staffs 4.9% of both projects have acquired a post graduate qualification which qualifies them for the posts. The rest 29.1 and 2.2% shared among those who fall in category of Diploma and 10+1 and +2 respectively this categories of expertise supposed to provide hands on expertise during the implementation of the projects. Even though most of staffs have good education qualification they have lack related professional expertise in the area of work because of frequent recruitment of employees.

### **Description of Experience**

Respondent from both project employees were asked how long have been they served in the project. Thus, for analyzing and interpreting of data's, the respondent's year of service was categorized into five groups. Thus, as summarized in the figure above, about 32.7% and 25.4% of the respondents for Kesseme and Fincha respectively have been serving 1 to 3 years, 32.7% and 33.1% of the respondents for Kesseme and Fincha respectively have been serving 3 to 6 years relatively majority of employees and 9.5 % of the employees had worked between 6 –9



years and 8.8 % had worked for 9 – 12 years. It is further revealed that a great percentage of the workers (60 %) had worked for less than 5 years in both projects

Table 4.2: Employment/Job characteristics of respondent

| <b>5</b> | <b>Salary of Employees</b>       | <b>freq</b> | <b>Percent</b> |
|----------|----------------------------------|-------------|----------------|
|          | < 1,200 birr                     | 5           | 2.7            |
|          | 1200 to 5000 birr                | 67          | 36.8           |
|          | 5000 to 10000 birr               | 67          | 36.8           |
|          | 10000 to 15000 birr              | 26          | 14.3           |
|          | >15000 birr                      | 17          | 9.3            |
|          | <b>Total</b>                     | <b>182</b>  | <b>100.0</b>   |
| <b>6</b> | <b>Terms of employment</b>       |             |                |
|          | contract                         | 3           | 1.6            |
|          | semi - contract                  | 4           | 2.2            |
|          | permanent staff                  | 167         | 91.8           |
|          | seasonal                         | 6           | 3.3            |
|          | <b>Total</b>                     | <b>180</b>  | <b>98.9</b>    |
| <b>7</b> | <b>Experience of Respondents</b> |             |                |
|          | manufacture                      | 30          | 16.5           |
|          | Agriculture                      | 68          | 37.4           |
|          | Human and finance                | 10          | 5.5            |
|          | supportive staff                 | 71          | 39.0           |
|          | <b>Total</b>                     | <b>181</b>  | <b>99.5</b>    |

Source: Survey Data

### **Description of Income**

From the above graph it possible to observe that most of the respondents fall in relatively medium income category which 36.8 % of the respondent with a salary range of 1200 to5000 birr the other also salary group was 36.8% respondents was earning a salary between 5000 to 10000 birr and 14.3 % of the respondent has with the rage 10000 to 15000 birr 9.3 of the respondent was greater than 15000 birr the rest 2.7 % of the respondent are below1200 birr. Full data is presented in table 4.2

## **Description Terms of Employment**

Terms of employment is also one of the important factors that might have implication on Turnover. permanent employees dominate the respondents with 91.8 % of the total while 3.8 percent are contract and semi - contract bases. Actually, the projects is hiring different professionals from local and foreign market on contract base for specific project works that not possible hire all professionals on permanent base.

## **Description Job Position**

The respondents were asked to indicate their current position in the project since the job position determines to analysis which area or position is more vulnerable to staff turnover and separation. It also makes ease of analyzing state of satisfaction, or intention of employees either to stay or leave the organization. Response from projects employee indicates that 16.5 % are manufacturing or factory project team, 37.4 % of respondent from agricultural teams, 5.5 % are from Human and finance the rest and the majority which is 39% of the respondents were from the support staffs of the projects.

## **4.4 Study Findings**

The previous section dealt with the general background of the respondents and this section presents the analysis and interpretation parts. The primary objective of the data gathered was to understand factors effecting staff turnover and its impact on job performance of the project. All questionnaires or data collected pointed out why employee leave their current job, what are factors contributing to employees turnover, what relationship between work environment and employees turnover, and what effects have it brought to the job performance of the project.

### **4.4.1 Causative Factors of Staff Turnover**

The questionnaires were designed according to Likert-scale type that respondents have to indicate whether they strongly disagree, disagree, neutral, agree, and strongly agree, for each statement. Numeric values (1, strongly disagree and 5 strongly agree) were assigned to enable the quantitative analysis of the results. Descriptive statistics frequency, percentage, mean scores, and standard deviations were used to present and analyze the data gathered through the questionnaire.

Table 4.3: Attitudes of respondents on Salary (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 19        | 10.4    | 10.4          | 10.4               |
| Agree             | 41        | 22.5    | 22.5          | 33.0               |
| neutral           | 32        | 17.6    | 17.6          | 50.5               |
| Valid Disagree    | 57        | 31.3    | 31.3          | 81.9               |
| Strongly Disagree | 33        | 18.1    | 18.1          | 100.0              |
| Total             | 182       | 100.0   | 100.0         |                    |

Source: Survey data

Table 4.3 illustrates that a total of 49.4 % (31.3%+18.1%) of the respondents disagreed that they were unsatisfied with the salary they get in the project, while 17.6 % of the respondents were neutral. The remaining 32.9% (10.4%+22.5%) of the respondents were agreed with salary currently paid in the project. The mean value on table indicated above, analyzed by descriptive statistics, proves those greater parts of the respondents are not satisfied with the current salary.

The respondents equally indicated that they preferred to receive higher salary that adequate with their work output. This may explain the causes of high rate of employee turnover as cited by Gupta and Shaw (2001) that, there is a strong relationship between pay and employee commitment to the organization. Asked to explain their answers, some respondents indicated that the salary was barely enough as they were struggling just to make ends meet. Respondents indicated that the salaries they received could not make them meet all their needs as they always lived in debts. The study established that in most of the respondent in the projects employees had not received salary increments for a long time

From the assessment report collected from 48 volunteers reside employees of at Fincha sugar factory undertaken on 2015/16 about 32 of the employees have revealed that the basic problem they leave the project because of salary in Kessem project the same assessments also reveals salary is the basic reason they have left the project.

Table 4.4: Attitudes of employee’s job position and salary satisfaction

|                              |                   | Your area of work |       |                   |                  | Total |
|------------------------------|-------------------|-------------------|-------|-------------------|------------------|-------|
|                              |                   | Manufacture       | Agri. | Human and finance | supportive staff |       |
| Satisfaction level of salary | Strongly Agree    | 0                 | 12    | 0                 | 7                | 19    |
|                              | Agree             | 7                 | 11    | 1                 | 22               | 41    |
|                              | neutral           | 5                 | 5     | 3                 | 19               | 32    |
|                              | Disagree          | 12                | 25    | 4                 | 14               | 57    |
|                              | Strongly Disagree | 6                 | 15    | 2                 | 9                | 32    |
| Total                        |                   | 30                | 68    | 10                | 71               | 181   |

Source: Survey Data

Upon the cross tabulation response by both projects employees shows the relationship between work area and salary satisfaction the core process staffs that is the manufacturing and agricultural staff at most they were not satisfied with the salary they were paid rather most respondent from support staffs, human resource and finance were relatively satisfied with the salary they were paid.

Table 4.5: Attitudes of respondents on employee assistance programs (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 31        | 17.0    | 17.2          | 17.2               |
| Agree             | 90        | 49.5    | 50.0          | 67.2               |
| neutral           | 29        | 15.9    | 16.1          | 83.3               |
| Valid Disagree    | 21        | 11.5    | 11.7          | 95.0               |
| Strongly Disagree | 9         | 4.9     | 5.0           | 100.0              |
| Total             | 180       | 98.9    | 100.0         |                    |
| Missing System    | 2         | 1.1     |               |                    |
| Total             | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.5 highlights that a total of 67.2 % of the respondents agreed that there was a lack of employee assistance program, while 16.1 % of the respondents were neutral. The remaining 16.4 % of the respondents disagreed. According to Matteson (2004:85), an employee tends to leave the organization if there are no employee assistance programmers (EAP) that are in place to help employees in the organization. Employee assistance programme can be counseling or training of affected employees.

Table 4.6: Attitudes of respondents on Decision Making (N=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 21        | 11.5    | 11.5          | 11.5               |
| Agree             | 59        | 32.4    | 32.4          | 44.0               |
| neutral           | 31        | 17.0    | 17.0          | 61.0               |
| Valid Disagree    | 58        | 31.9    | 31.9          | 92.9               |
| Strongly Disagree | 13        | 7.1     | 7.1           | 100.0              |
| Total             | 182       | 100.0   | 100.0         |                    |

Source: Survey Data

Table 4.6 illustrates that a total of 44 % of the respondents agreed that staff members are not involved in decision making, while 17.0 % of the respondents were neutral and the remaining 39 % of the respondents disagreed. Gaylor (2001:123) states that if employees do not know what is going on with the company, they are more likely to conjure up their own scenarios. Gaylor (2001:123) states that there is a need to create horizontal lines of communications so that members of different departments can collaborate when needed to make decisions. Employee involvement is key to employee satisfaction and employee retention (Gaylor, 2001:220). lack of staff involvement may be one of the causes of staff turnover If staff members are involved in any changes or decisions that directly affect employees, it is seldom that they will be against the changes and decisions. But if we are not allowed them to involve in our decision they fill betrayed so, people are more committed and engaged when they can contribute their ideas and suggestions. This gives them a sense of ownership.

Table 4.7: Attitudes of respondents on innovate of work (N=182)

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Agree    | 36        | 19.8    | 19.8          | 19.8               |
|       | Agree             | 75        | 41.2    | 41.2          | 61.0               |
|       | neutral           | 24        | 13.2    | 13.2          | 74.2               |
|       | Disagree          | 30        | 16.5    | 16.5          | 90.7               |
|       | Strongly Disagree | 17        | 9.3     | 9.3           | 100.0              |
|       | Total             | 182       | 100.0   | 100.0         |                    |

Source: Survey Data

Table 4.7 illustrates that a total of 61 % of the respondents agreed that the employee's input was appreciated in the projects since the implementation of kaizen and other change tools in the industries highly encourages employees for innovation and modification work , while 13.2 % of the respondents were neutral and the remaining 25.8 % of the respondents disagreed. According to Gardner (2009:107), people have a basic human need to feel appreciated and proud of their work. Recognition and incentive programs help to meet these needs. A successful reward and recognition programmes does not have to be complicated or expensive to be effective (Gardner, 2009:108). In the sugar industries there are different benefit package for those employees should innovative ideas and incentives for individual level if he/she has great performance in the area of their work (2<sup>dry</sup> document)

Table 4.8: Attitudes of respondents on work condition (n=182)

|       |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Agree    | 27        | 14.8    | 15.3          | 15.3               |
|       | Agree             | 51        | 28.0    | 29.0          | 44.3               |
|       | neutral           | 34        | 18.7    | 19.3          | 63.6               |
|       | Disagree          | 39        | 21.4    | 22.2          | 85.8               |
|       | Strongly Disagree | 25        | 13.7    | 14.2          | 100.0              |
|       | Total             | 176       | 96.7    | 100.0         |                    |
| Total |                   | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.8 highlights that a total of 44.3 % of the respondents agreed that Work tediousness is the cause of staff turnover and 18.7% of the respondents were neutral. The remaining 35.1 % of the respondents disagreed. Ivancevich and Matteson (2004), state that work that is boring and lacks challenges may lead to job dissatisfaction. When new employees start to work for an organization, they have expectations and it becomes a problem if those expectations are not met. Such expectations include being offered an opportunity to apply their skills and abilities, while also receiving the same treatment and respect as similar employees and enjoying good working relationship (Ivancevich and Matteson, 2004). They also expect that they will have some time off to spend with their families.

#### 4.4.2 Impact of Staff Turnover on Project Performance

According to the response of the collected survey data the following are the impacts of employee turnover on project performance in both FSF and KKSDP :-Reduction in overall performance of project, reduction in the quality of product produced, wastage of resources, less support of project management during implementation, over utilization budgeting , increasing work load for each employee, as the cause of high staff turnover rate, and high staff turnover affects team work are among the impacts of employee turnover on project performance in Fincha and Kessem Kebena Project.

Table 4.9: Attitudes of respondents on resource utilization (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 51        | 28.0    | 28.0          | 28.0               |
| Agree             | 60        | 33.0    | 33.0          | 61.0               |
| neutral           | 27        | 14.8    | 14.8          | 75.8               |
| Valid Disagree    | 28        | 15.4    | 15.4          | 91.2               |
| Strongly Disagree | 16        | 8.8     | 8.8           | 100.0              |
| Total             | 182       | 100.0   | 100.0         |                    |

Source: Survey Data

Employee turnover unless otherwise wisely managed and controlled has great impact on the performance of the project. It will reduce productivity and decreases service of the organization. In this regard questions were distributed to respondent to understand what jobs are impinged because of staff turnover Table 4.9 demonstrates that a total of 61% of the respondents agreed that high staff turnover causes too much wastage of resources when new staff settles in, while 14.8 % of the respondents were neutral. The remaining 24.2 % of the respondents disagreed. Rothwell and Kazanas (2006:244), state that new staff members make too many mistakes as they are settling in the project. Johnson and Redmond (2006:153) state that new employees cause a great deal of wastage. Moreover, project experience wasted time owing to in experienced replacement staff. Management and other staff spend valuable time not doing their job but trying to train and orientate the replacement staff. Kreitner and Kinicki (2007:98) state that if an employee is not familiar with the work, errors may occur while learning to use equipment.

Table 4.10: Attitudes of respondents on performance of project (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 54        | 29.7    | 30.0          | 30.0               |
| Agree             | 63        | 34.6    | 35.0          | 65.0               |
| neutral           | 29        | 15.9    | 16.1          | 81.1               |
| Valid Disagree    | 26        | 14.3    | 14.4          | 95.6               |
| Strongly Disagree | 8         | 4.4     | 4.4           | 100.0              |
| Total             | 180       | 98.9    | 100.0         |                    |
| Missing System    | 2         | 1.1     |               |                    |
| Total             | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.10 shows that a total of 65 % of the respondents agreed that high staff turnover causes reduction in overall performance, while 15.9 % of the respondents were neutral. The remaining 18.7 % of the respondents disagreed. According to Neo, et al. (2006:289), organizations that do not retain a loyal base of employees then they constantly place an



inexperienced group of non-cohesive units in the front lines of the organization. Ensuring the good employee stays with the organization will help them compete effectively within an industry. In addition, when an organization loses a valuable employee, there is a negative impact on overall achievement of the projects. According to the performance report of Ethiopia sugar corporation of on 2015 and 2016 the Fincha sugar development project and Kessem Kebena sugar development project is delayed and it cost more than the budget planned and one of the main reason for this is employee turnover rate is too high and also during our interview with deputy general manager of factory project and agricultural project also stated as turnover and lack of experience of employee is the major factors for dalliance for both projects and also it is the cause for the current bankruptcy happened in the corporation.

Table 4.11: Attitudes of respondents on quality of works (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 55        | 30.2    | 30.6          | 30.6               |
| Agree             | 77        | 42.3    | 42.8          | 73.3               |
| neutral           | 25        | 13.7    | 13.9          | 87.2               |
| Valid Disagree    | 10        | 5.5     | 5.6           | 92.8               |
| Strongly Disagree | 13        | 7.1     | 7.2           | 100.0              |
| Total             | 180       | 98.9    | 100.0         |                    |
| Missing System    | 2         | 1.1     |               |                    |
| Total             | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.11 above highlights that a total of 73.3% of the respondents agreed that high staff turnover causes reduction in the quality of product produced, while 13.7 % of the participants were neutral. The remaining 12.6 % of the respondents disagreed. According to Taylor (2007:56), the quality of service in the organization decreases as a result of staff shortage. According to Taylor (2007), customer's evaluation of service quality is affected not only by the end service received, but also by the service delivery process itself, which includes

waiting time. Allen, et al. (2007) state that it is a straight forward case that dissatisfied employees cannot give their best performance as their mind is on the things that make them dissatisfied and they feel their effort is not appreciated. Such employees produce not only poor quality work but also less amount of work to the detriment of the organization and clients (Allen, et al., 2007).

Table 4.12: Attitudes of respondents on project budget utilization and monitoring (n=182)

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 3         | 1.6     | 1.8           | 1.8                |
| Agree             | 21        | 11.5    | 12.8          | 14.6               |
| neutral           | 33        | 18.1    | 20.1          | 34.8               |
| Valid Disagree    | 76        | 41.8    | 46.3          | 81.1               |
| Strongly Disagree | 31        | 17.0    | 18.9          | 100.0              |
| Total             | 164       | 90.1    | 100.0         |                    |
| Missing System    | 18        | 9.9     |               |                    |
| Total             | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.12 highlights that a total of 14.6 % of the respondents agreed that the project monitoring and evaluation process have ensured that all the activities are carried out as planned with the budget but, while 18.1 % of the participants were neutral. The remaining and most of the respondents 58.8 % of the respondents disagreed the monitoring and evaluation is not carried out well and it beyond the budget planned by the project.

Table 4.13: Attitudes of respondents on the implementation of projects

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly Agree    | 1         | .5      | .6            | .6                 |
| Agree             | 40        | 22.0    | 23.0          | 23.6               |
| neutral           | 45        | 24.7    | 25.9          | 49.4               |
| Valid Disagree    | 69        | 37.9    | 39.7          | 89.1               |
| Strongly Disagree | 19        | 10.4    | 10.9          | 100.0              |
| Total             | 174       | 95.6    | 100.0         |                    |
| Missing System    | 8         | 4.4     |               |                    |
| Total             | 182       | 100.0   |               |                    |

Source: Survey Data

Table 4.13 highlights that a total of 23 % of the respondents agreed that the project management provides adequate support for the implementation of the projects but, while 24.7 % of the participants were neutral. The remaining and most of the respondents 48.3 % of the respondents disagreed the assistance of the project management team is not enough during the implementation of the project.

Table 4.14: Summary of Impact on Staff Turnover on Project Performance (n=182)

| Staff Turnover on Project Performance   |       | Valid          |       |         |          |                   | Total |
|---|-------|----------------|-------|---------|----------|-------------------|-------|
|   |       | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |       |
| Causes too much project resource wastage when new staff settles in                              | Freq. | 51             | 60    | 27      | 28       | 16                | 182   |
|   | %     | 28             | 33    | 14.8    | 15.4     | 8.8               | 100   |
| It causes reduction in overall performance of project   | Freq. | 54             | 63    | 29      | 26       | 8                 | 180   |
|   | %     | 29.7           | 34.6  | 15.9    | 14.3     | 4.4               | 98.9  |
| The turnover causes reduction in the quality of works   | Freq. | 55             | 77    | 25      | 10       | 13                | 180   |
|   | %     | 30.2           | 42.3  | 13.7    | 5.5      | 7.1               | 98.9  |
| The PME process have ensured that all the activities are carried out as planned with the budget | Freq. | 3              | 21    | 33      | 76       | 31                | 164   |
|   | %     | 1.6            | 11.5  | 18.1    | 41.8     | 17.0              | 90.1  |
| The PM provides adequate support for the implementation of the projects                         | Freq. | 1              | 40    | 45      | 69       | 19                | 174   |
|   | %     | .5             | 22.0  | 24.7    | 37.9     | 10.4              | 95.6  |

Source: Survey Data

it's hard to replace experienced workers, there is low morale of the workers left in the company, its costly to employ and train, the project overall performance goes down, overworking of those left behind, its difficulty to maintain the project culture and history, causes fights between old and new employees and encourages others to want to leave. In fact most of the respondents said that they were affected by labor turnover. Only few respondents said he was not affected.

The study established that both sugar projects were affected by labor turnover in form of poor project performance , poor company image, low motivation for the workers and causes the bankruptcy . The study further revealed that most of the respondents felt the projects are not

doing enough to reduce the effects of labor turnover. They suggested the following as the remedies to the effect of labor turnover: the project needs to increase salaries of its staff, the projects must build house and employees entertainment center and transport facility from the project area to capital city , it should introduce over time payment that is attractive, encourage workers to take up overtime, engage casuals to do the work before others are employed, change the leadership styles and let workers sign employment contracts. Almost all of the managers interviewed said that the company is not doing enough either to reduce the effects of labor turnover but they noted that the company was doing the following: increasing the workload for the remaining workers, creating relatively acceptable working environment . On their part the managers recommended the following as the remedy: involve workers in decision making and implement the finding on the causes of labor turnover.

#### 4.4.3 Work Environments and Turnover

Respondents were asked about their satisfaction with the working conditions in their respective projects. The findings from this observation presented in the following below.

Table 4.15: Attitudes of respondents on work environments (n=182)

| Description. of Work Environments and Turnover factors   |       | Valid          |       |         |          |                   | Total | Missing |
|--|-------|----------------|-------|---------|----------|-------------------|-------|---------|
|  |       | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |       |         |
| The work environments and culture is flexible enough to ensure effective implementation of the projects. | Freq. | 31             | 57    | 20      | 31       | 33                | 172   | 10      |
|  | %     | 17             | 31.3  | 11      | 17       | 18.1              | 94.5  | 5.5     |
| I'm not satisfied with working conditions.   | Freq. | 62             | 54    | 26      | 22       | 18                | 182   | 0       |
|  | %     | 34.1           | 29.7  | 14.3    | 12.1     | 9.9               | 100   | 0       |
| Management has created an open and comfortable work environment  | Freq. | 26             | 35    | 31      | 42       | 48                | 100   | 0       |
|  | %     | 26.4           | 23.1  | 17      | 23.1     | 26.4              | 100   | 0       |
| Work relationship between employees must be improved.  | Freq. | 57             | 77    | 10      | 20       | 15                | 179   | 3       |
|  | %     | 31.3           | 42.3  | 5.5     | 11       | 8.2               | 98.4  | 1.6     |
| There is Good working environment to make employees stay in the project/organization.                    | Freq. | 38             | 24    | 32      | 28       | 57                | 179   | 3       |
|  | %     | 20.9           | 13.2  | 17.6    | 15.4     | 31.3              | 98.4  | 1.6     |

Source: Survey Data Formatted Manually

From the summary table above most respondent 48.3% was agreed as if a good work environments, culture and flexible enough to undertaken effective implementation of the projects only 35.1 % have negate the good working situation of the project and the rest 11% was neutral. So, even though such a good opportunity of working environments and culture 63.8% of the respondent were employees are not yet satisfied with working condition since management should not work or created an open and comfortable work environment. So, 73.6 % of respondent suggested that Work relationship between employees must be improved since the overall working environment is not allowed the employees to stay in the project site from

When respondents were further asked if the state of work condition could influence labor turnover, 46.7 % (58/179) of the employees indicated that they would leave the sugar projects because of the state of their work places. Particularly for Kesseem project Finchaa expansion project sites most basic facility like housing, toilets, workers entertainment center, health center is not as per minimum standards.

On the other hand according to the documentary reviews of staff turnover of Ethiopia Sugar Corporation during the years 2004 -2008 E.C (2010/11 -2015/2016)

document review reveals that in the year 2004 E.C large number of professional staffs left the corporation relative to the other years because of a reform and also on 2007 E.C because of newly emerging beverage and cement factory in the country

Upon appendix ii the assessments report undertaken on 47 volunteer employees who were resigned on 2015/2016 at Finchaa Project 36 (77%) of employees were suggested that the basic problem of they were resigned because to search better salary and benefit , because of low salary payment, the salary payment is not balanced with workloads, , no salary advancement since employees work for long time with one salary scale, and experience is not any value in the organization since 10 year and 30 years work experience were the same salary scale and the other 14/47 (30 %) volunteer employees also suggested that they resigned because of the difficulty to work separate from family and the distance of the project far from their family the other 5 (10%) employees out 47 most of them from factory project complain that a problem of good governance is the reason for them to resign from the project and other volunteers 5 (10%) employees out 47 they also complain they resign to search better working environment other 15 employees 32% of volunteers resign because of different reason like various personal case, lack of education opportunity, because of foreign country opportunity, to work privately, because of unfair carrier advancement and transfer opportunity handling and other more reasons . the volunteers also suggested that training must be given to project management staffs and employees in area of good governance , Information must be clear to all employees on procedure and rules of carrier advancement and transfer document and Informal groups who were created harassment for employee came from other place in project area must be needs serious attention by the organization and by the corporation level

The appendix iii is the assessment report collected by project human resource department on 2015/2016 and the report is revealed that most of the employees has left their jobs because of discipline case, Lack of Overall facility problems ( housing, potable water, lighting, market place and food facility), to search a better salary and benefit, difficulty separation from their family, unchanged salary scale , desert allowance is not yet paid, health problem because of desert and problem of good governance in the project area .



## **CHAPTER FIVE:**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **4.5 Summary**

This subsection presents major findings of the study. Most of the respondents are male with a monthly income category of more than 5000 birr.

Pay level, salary and benefits packages are the most and highly influential factors for employee to turnover 49.4 % (31.3%+18.1%) of the respondents are highly dissatisfied with the current pay level of the projects. Most of resigned employees on the document review revealed that majority of employee who left the projects indicated that salary was one of the reasons for their resignation and also the study established that in most of the respondent in the projects employees had not received salary increments for a long time. Lack of employee assistance programs, Employees' involvement in decision making and work tediousness is also having the major contributing factors for turnover. So, it a serious attention must be given by the corporation to reduce employee's turnover. But encouraging innovative employees by the management is an excellent and lesson learnt even for other enterprises.

The study also intensely discussed about the employees retaining factors of the projects but most of the respondent were agreed that the employee recognition relative to goal achievement, the commitment of project management ensuring in the existence of experienced and capable staff in the project, availability and implementation of standard and polices in the project, the level of awareness of all the procedures and requirements used for implementation of project by project management team and level of approval procedures in the implementation of the project is not majorly affecting the employees to be resigned from the project but respondents of both projects were asked about the extent to which mismanagement is a reason for employee to leave the project accordingly, 124(68.1%) respondents agree that mismanagement is one of the reasons for employee to leave the project. So, the serious attention must be given to the leadership style the corporation management to retain experienced and capable professionals in the project.

Employee turnover is one of the major factors for the project to be delayed and it consequence will bring project cost overrun, project bankruptcy and low performance of the project, so, most of our respondents 65% agreed that turnover cause reduction in overall performance of

project/operation works , and 73% of respondent of both project revealed that staff turnover is highly reduced the quality of project works and also agreed that a case for the overall performance reduction of the project because of the project management is not adequately support for the implementation work also the a lack project planning , monitoring and evaluation which case mismanagement budget. So, a serious attention will need on project planning, monitoring and evaluation to reduce the experienced and capable professionals in the project.

The study found that factors that are affecting employee stability are both from external and internal. Favorable government policy those newly emerging industries were affect them and better salary at external market are contributing for high turnover in nowadays The overall project execution delayed still both projects is not yet fully completed many critical project works are leftover and the corporation was face a critical financial bankruptcy to undertake the operation as well as the remaining project works, loss of profit as a result of low production capacity, in all factory and projects there is a serious lack of skilled professionals for technical position in the factory and field equipment service works for operation and maintenance activity, So, to overcome this problem and operated the newly constructed factories the corporation in now days hired previously released employee, retired skilled employees by negotiation and foreign professional by foreign currency to overcome the problem faced.

The document review reveled that in both project there is a lack of handling workers, problem of transport facility, problem of good governance, dissatisfaction with the working environment and poor employee's relationships which lead employees to resign. So, the organization must be improve the problem of good governance, employee relationships and facility, housing, quality of water and entertainment center to reduce employee turnover.

## **4.6 Conclusions**

The survey of two sugar projects employees with objective of analysis of the impact of employee turnover on project performance in the case of Ethiopia Sugar Corporation Projects. Data were collected and analyzed. The study revealed the following basing on the purpose of the study. Staff turnover may be caused by mismanagement, low level salary and benefit packages, dissatisfaction with the working environment, poor employees relationships are significantly reasoned for employee turnover. Staff turnover if not taken into consideration will damage the image of the organization, where employee will lose trust in the organization. Moreover, performance of the project will also decrease, while employees will be de-motivated to work for a project with high staff turnover rate. Paying employees a market related salary may help management in retaining their experienced and skilled professionals for the success of overall project performance and also save employees from migrating to those newly emerging beverage, cement and other related firms

The major activities of the project were affected due to staff turnover. Increase in work load due to resignation of employees, losing of knowledge of skilled employee were affected the project performance and the real factors of both project forced the existing employee to leave the projects or wants to shift to sister project and also unfair employee handling and lack of employee assistance programs, poor quality of project works, low production, poor company image, employee dissatisfaction causes the bankruptcy and lead to resignation.

## 4.7 Recommendations

Arising from the empirical analysis of results, the following recommendations are made for the ESC:

- The first and obvious solution to the need for pay is to compensate employees with the highest possible wages. The study also established that the major causes of employee turnover in both study areas were the dissatisfaction with the working environment, poor employees relationships. The study therefore recommended that, the management should improve the working condition for the employees such as flexibility in selection of shifts and balancing of work and personal life for the employees. To do this and to solve the overall investigated problems in the thesis the corporation has to increase his income, develop realistic resource utilization strategy, political decision on the price of sugar and on the ongoing sugar projects by local contractors.
- The majority of respondents suggested that salary should be improved (49.4 %) followed by the improving the problem of mismanagement style and problem with lack of leadership (68.1%) avoid work tediousness (39%) and also improve with a lack of employee assistance program 67.2 % , the respondents stated that salary grades should be revised since the salary structures were stagnating for a long time. Respondents indicated that the grading system should be improved to conform to other industries.
- There should be proper relationship with manager/ supervisor or peers like two-way communication, the proper exchange of rewards between the parties, and the presence and ability to manage emotion, to make the environment conducive and workable.

- Proper treatment of employees will increase responsibility and enhanced pay, fair promotion. Therefore, the management of the enterprise should properly treat the employees.
- Top management should ensure that a market related salary to employees in order to prevent them from moving to other organizations.
- The top management ensure current most project management teams must be capable enough in their occupation as well as relevant experience with the really situation to run implementation of the projects and also serious attention will be need on project contract management, project planning, monitoring and evaluation, the organization should consider hiring new employees with hands on experience from other organizations. The new employees can also train their old colleagues in the as well.
- All managers' supervisors foreman and headmen should be following with worker friendly leadership styles for instance democratic and laissez faire to realize their goal in the sugar industry rather following a dictatorship of an old tradition a Dutch's previously practiced in the industry.
- The top management should intensively work or committed on the major problem area of turnover and resignation to develop and implement a retention mechanisms and a strategy.

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**APPENDIX**

**Appendix i: Resigned Employees Ethiopia Sugar Corporation from 2011 to 2016**

| S/N | Name of Organization       | Ethiopia Sugar Corporation (2003 - 2008E.C)<br>Employee and Mang't Staffs Turnover Records |            |            |            |            |            |            |            |            |            | T. Sum<br>2004-<br>2008 |
|-----|----------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------------|
|     |                            | 2004   |            | 2005       |            | 2006       |            | 2007       |            | 2008       |            |                         |
|     |                            | 2012   |            | 2013       |            | 2014       |            | 2015       |            | 2016       |            |                         |
|     |                            | M  | P          | M          | P          | M          | P          | M          | P          | M          | P          |                         |
| 1   | Esc Head Office            | 3  | 20         | 6          | 25         | 9          | 28         | 2          | 42         | 9          | 23         | <b>167</b>              |
| 2   | Methara Sugar Factory      | 43   | 109        | 32         | 84         | 32         | 74         | 47         | 108        | 6          | 66         | <b>601</b>              |
| 3   | Wonji/Shoa Sugar Factory   | 38   | 114        | 28         | 79         | 42         | 110        | 44         | 96         | 10         | 86         | <b>647</b>              |
| 4   | Finchaa Sugar Factory      | 12   | 42         | 9          | 61         | 14         | 56         | 44         | 76         | 27         | 83         | <b>424</b>              |
| 5   | Kessem Sugar Factory       |  | 3          | 0          | 17         | 3          | 25         | 3          | 31         | 2          | 43         | <b>127</b>              |
| 6   | Tendaho Sugar Factory      | 1  | 6          | 4          | 26         | 2          | 27         | 4          | 64         | 2          | 114        | <b>250</b>              |
| 7   | Arjo Dedhesa Sugar Factory | 0  |            | 0          |            | 0          |            | 36         |            | 66         |            | <b>102</b>              |
| 8   | Kuraz 1 Sugar Project      | 3  |            | 30         |            | 29         |            | 68         |            | 116        |            | <b>246</b>              |
| 9   | Tana Beless Sugar Project  | 4  |            | 17         |            | 28         |            | 34         |            | 45         |            | <b>128</b>              |
| 10  | Woliqayit Sugar Project    | 1  |            | 10         |            | 17         |            | 39         |            | 32         |            | <b>99</b>               |
|     | <b>Total Sum</b>           | <b>105</b>   | <b>294</b> | <b>136</b> | <b>292</b> | <b>176</b> | <b>320</b> | <b>321</b> | <b>417</b> | <b>315</b> | <b>415</b> | <b>2791</b>             |

Source: secondary data (document) review.

Appendix ii: Summary of Resigned Employees Opinion of FSF 2015/2016

| S/N | Work place                        | Reason for Resignation  | Comments of Resigned Employees   |
|-----|-----------------------------------|---|--|
| 1   | Factory technical staffs          | <ul style="list-style-type: none"> <li>• Personal case</li> <li>• Distant from family</li> <li>• Foreign country opportunity</li> <li>• Better salary and benefit</li> <li>• Problem of good governance</li> <li>• No salary advancement</li> </ul> | <ul style="list-style-type: none"> <li>• Information must be clear to all employees and on procedure and rules of carrier advancement and transfer document</li> <li>• Training must be given to project management staffs and employees in area of good governance</li> </ul> |
| 2   | Agricultural staff                | <ul style="list-style-type: none"> <li>• Difficulty separation from family</li> <li>• Low salary payment</li> <li>• Problem of good governance</li> <li>• Problem Working area</li> <li>• Foreign country opportunity</li> </ul>                    | <ul style="list-style-type: none"> <li>• Training must be given to project management staffs and employees in area of good governance</li> </ul>   |
| 3   | General manger office             | <ul style="list-style-type: none"> <li>• to work privately</li> <li>• Better salary</li> <li>• Riptide harassment</li> </ul>  | <ul style="list-style-type: none"> <li>• Training must be given to project management staffs and employees in area of good governance</li> </ul>   |
| 4   | Human resource staffs             | <ul style="list-style-type: none"> <li>• Better salary and benefit</li> <li>• Personal case</li> <li>• No education opportunity</li> <li>• Family case</li> </ul>   | <ul style="list-style-type: none"> <li>• Training must be given to project management staffs and employees in area of good governance</li> </ul>   |
| 5   | Supply and facility office staffs | <ul style="list-style-type: none"> <li>• Better salary and benefit</li> </ul>   |  |

Source: secondary data (document) review.

Appendix iii: Summary of Resigned Employees Opinion of KKSF Staffs 2015/2016

| S/N | Work place                        | Quantity | Reason for Resignation | Comments of Resigned Employees  |
|-----|-----------------------------------|----------|------------------------|---|
| 1   | Agricultural staff                | 47       | Discipline case        | <ul style="list-style-type: none"> <li>• Lack of Overall facility problems ( housing, potable water, lighting, market place and food facility)</li> <li>• Better salary and benefit</li> <li>• Difficulty separation from family</li> <li>• Unchanged salary scale</li> <li>• desert allowance is not yet paid</li> <li>• health problem because of desert</li> <li>• Problem of good governance</li> </ul> |
|     |                                   | 4        | Personal case          |   |
|     |                                   | 6        | Pension                |   |
|     |                                   | 1        | Death                  |   |
| 2   | Factory technical staffs          | 10       | Personal case          |   |
|     |                                   | 53       | Discipline case        |   |
| 3   | Human resource staffs             | 2        | Personal case          |   |
|     |                                   | 1        | Discipline case        |   |
| 4   | Supply and facility office staffs | 11       | Discipline case        |   |
|     |                                   | 10       | Pension                |   |
| 5   | FESD office staffs                | 2        | Discipline case        |   |
|     |                                   | 2        | Pension                |   |
| 6   | General manger office             | 1        | Personal case          |   |
|     |                                   | 2        | Discipline case        |   |
| 7   | finance staffs                    | 1        | Personal case          |   |
|     | Total                             | 153      |                        |   |

Source: Secondary Data (Document) Review.

**Appendix IV: ST. MARY UNIVERSITY COLLEGE OF GRADUATE STUDIES  
DEPARTMENT OF PROJECT MANAGEMENT**

**Analysis of the Impact of Employee Turnover on Project Performance  
Case of Ethiopia Sugar Corporation Projects**



Dear respondents this questionnaire is developed to collect data on the topic entitled “Analysis of the Impact of Employee Turnover on Project Performance The case of Ethiopia Sugar Corporation”. The purpose of this questionnaire is to collect data from the sector to come up final research results, it is you who can support us in providing real information regarding the topic, the result of this questionnaire is used only for academic purpose. For the sake of confidentiality, you are advised **NOT** to write your name or put any signal!

Getachew Yetena

Advisor: Dr Tesfaye Debela

Thank you in advance for your unreserved response and cooperation.

## A. Instructions and Explanations

Indicate the extent of your agreement for each of the following issue raised effect of turnover on project performance in the case of sugar industry by putting a thick mark.

### 1. Common Demographic Variables

1.1 What is your gender?  Male  Female

1.2 How old

< 25 years  25–34 years  35–44 years  45–54years  55–64 years

1.3 What is your highest educational qualification-accomplishment?

- Trade/technical/vocational training (10<sup>+</sup>)
- Trade/technical/vocational training / Diploma or associate's degree
- Bachelor's degree
- Master's degree
- Doctorate degree

1.4 What is your current annual  Less than 1,200 birr  
 1,200 to 5,000 birr  
 5,000 to 10,000 birr  
 10,000 to 15,000 birr  
 15,000 Birr or more

1.6 Terms of employment

Contract  Semi – contract  Permanent staff  seasonal

1.7 How long did you work in a factory/project?

1- 3 years  3-6 years  6-9 years  9-12 years  More than 12

1.8 Your area of work

Manufacturing  Agriculture  Human and Finance  Supportive staff

## B. Attitude-Opinion Variables

### Likert-Scaled Items

**Instructions:** Please carefully read each of the following statements and respond by ticking  the response box that best reflects your opinion. Please be completely open and honest in your responses. Take as long as you need, but do not linger over any statement.

| S/N | (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree).  |                |       |         |          | Strongly Disagree |
|-----|---|----------------|-------|---------|----------|-------------------|
|     | In Your Factory:  | Strongly Agree | Agree | Neutral | Disagree |                   |
| 1   | <b>Causative Factors of Staff Turnover</b>  |                |       |         |          |                   |
| 2.1 | I am satisfied with my current salary   |                |       |         |          |                   |
| 2.2 | Staff members are not involved in decision making   |                |       |         |          |                   |
| 2.3 | There is a lack of employee assistance programs   |                |       |         |          |                   |
| 2.4 | I am encouraged innovate ways to do my work   |                |       |         |          |                   |
| 2.5 | Work tediousness is the causes of staff turnover.   |                |       |         |          |                   |
| 3   | <b>Staff Turnover on Project Performance</b>  |                |       |         |          |                   |
| 3.1 | Causes too much project/operat resource wastage when new staff settles in.  |                |       |         |          |                   |
| 3.2 | It causes reduction in overall performance of project/operation   |                |       |         |          |                   |
| 3.3 | The turnover causes reduction in the quality of works   |                |       |         |          |                   |
| 3.4 | The project monitoring and evaluation process have ensured that all the activities are carried out as planned with the budget |                |       |         |          |                   |
| 3.5 | The project management provides adequate support for the implementation of the projects                                       |                |       |         |          |                   |
| 4   | <b>Retain Staff Turnover</b>  |                |       |         |          |                   |
| 4.1 | Employees are recognized when they achieve goals.   |                |       |         |          |                   |
| 4.2 | The management has ensured the existence of experienced and capable staff in the project                                      |                |       |         |          |                   |
| 4.3 | The standards and policies in the implementation process are put in place   |                |       |         |          |                   |

|     |   |  |  |  |  |  |
|-----|---|--|--|--|--|--|
| 4.4 | Project management team is aware of all the procedures and requirements in the project implementation process |  |  |  |  |  |
| 4.5 | There are no unnecessary levels of approvals or cumbersome procedures   |  |  |  |  |  |
| 4.6 | Mismanagement is one of the basic reasons for employees to leave  |  |  |  |  |  |
| 5   | <b>Work Environments and Turnover</b>   |  |  |  |  |  |
| 5.1 | The work environments and culture is flexible enough to ensure effective implementation of the projects.      |  |  |  |  |  |
| 5.2 | I'm not satisfied with working conditions.  |  |  |  |  |  |
| 5.3 | Management has created an open and comfortable work environment   |  |  |  |  |  |
| 5.4 | Work relationship between employees must be improved.   |  |  |  |  |  |
| 5.6 | There is Good working environment to make employees stay in the project/organization.                         |  |  |  |  |  |

Thank you in Advance for your Cooperation!

Interview Question to HR of the bank

1. What are factors that are affecting retain of employees of the projects:
2. What are factors contributing to employees turnover from the projects:
3. What are the effect of staff turnover on the performance of the projects:
4. What is relationship between work environment and employees turnover:

Thank you!!!!

**Appendix V:**  
**Statement of Declaration**

I, Getachew Yetena, hereby declare that this is thesis work entitled **The Causes and Impact of Employee Turnover on Project Performance the Case of Ethiopia Sugar Corporation Projects**, submitted by me in partial fulfillment of the requirements for award of Master of business administration, at St. Marry University through the department of project Management, is original work carried out by myself. The matter embodied in this thesis work has not been submitted earlier for the award of any degree or diploma to the best of my knowledge and belief, where other sources of information have been, used , they have been duly acknowledge.

**Yetena Bekele Bekele**

**Name**

\_\_\_\_\_

**Signature:**



**Appendix VI:**

**Endorsement**

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

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**Advisor**

**St.Mary's University Addis Ababa**

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**Signature**

**Jun, 2013**