ASSESSMENT OF THE IMPACT OF EMPLOYEE TURNOVER IN CUSTOMER SERVICE INDUSTRY: A CASE OF SPANCO RAPS TANZANIA
ASSESSMENT OF THE IMPACT OF EMPLOYEE TURNOVER IN CUSTOMER SERVICE INDUSTRY: A CASE OF SPANCO RAPS TANZANIA

By
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A Research Report Submitted to Mzumbe University, Dar es Salaam Campus College in Partial Fulfillment of the Requirements for the Award of Masters of Human resources management of Mzumbe University

2013
CERTIFICATION
We the undersigned certify that we have read and hereby recommend for acceptance by the Mzumbe University a dissertation thesis titled “Assessment of the Impact of Employee Turnover in Customer Service Industry” A Case of Spanco Raps Tanzania in partial fulfillment of the requirements for award of the Masters of Human resources management of Mzumbe University.

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Major Supervisor

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Moreover, I extend special appreciation to Consultant, Mr. Abeid Mbarouk at NALUGY TECHNICAL CONSULT for his endless moral and material support during the entire process of undertaking this research process on the subject matter.
DEDICATION

I dedicate this dissertation to father and mother, for their calmness and patience plus efforts which they put on me just to encourage all along the entire time of my studies at Mzumbe University, May God Bless them
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>CIPD</td>
<td>Chartered Institute of Personnel and Development</td>
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<tr>
<td>FSHC</td>
<td>Four Seasons Health Care</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>IRS</td>
<td>Internal Revenue Service</td>
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ABSTRACT

Employee turnover has been the major issue in many organizations as this study assesses the impact of employee turnover in Spanco Raps Tanzania’s performance. Spanco Raps Tanzania is a third part company which work under Airtel Tanzania.

Specifically, the study had find out factors that drive employee to leave the organization at Spanco Raps Tanzania, assess the Relationship between labour turnover and Productivity at Spanco Raps Tanzania and examine Quality of Service Provision at Spanco Raps Tanzania.

The methodology used by this study is case study whereby interviews and questionnaire used as data collection methods. Sampling size that was selected using random and purposive sampling is 117 comprises workers and managers at Spanco Raps Tanzania.

The result of this study shows that employee turnover at Spanco Raps Tanzania have a number of adverse consequences for Organization, including, but not limited to, lowered productivity and disrupted business continuity. A lack of financial resources to retain staff and limited long term career prospects, low pay, sickness, long working hours, misconduct, change of careers, amongst other factors, were identified as common reasons for actual and intended turnover amongst key employees. Managers reported on a suite of remuneration based (e.g. providing pay rises and paid training) and positive emotion based (e.g. maintaining pleasant group dynamics) retention strategies.

This study recommended that, Spanco Raps Tanzania management should avoid employee turnover or reduce its impact on the organizational performance i.e. Organizations’ management has to consider all the causes and co relations of employee turnover.
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CHAPTER ONE
INTRODUCTION AND BACKGROUND INFORMATION

1.0 Introduction
In this Global World, employee turnover has been the major issue in many organizations. According to Price (1977), employee turnover is 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. This term is also often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of the reason.

Organizations all over the world particularly Spanco Raps Tanzania invests a lot in their employees in terms of induction and training, developing, maintaining and retaining them in the organization. Although, there is no standard framework for understanding the employees turnover process as a whole, a wide range of factors have been found useful in interpreting employee turnover (Kevin et al, 2004). There is a need to develop a fuller understanding of the employee turnover, more specifically, the sources that determines employee turnover, effects and strategies that managers can put in place to minimize turnover. With globalization which is heightening competition, organizations must continue developing tangible products and provide services which are based on strategies created by employees. These employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan et al., 2002). Therefore; managers must recognize that employees are major contributors to the efficient achievement of the organization’s success.

1.1 Background of the Problem
The emergence of the new era of competitive atmosphere in the industry has given an open choice to employees; as a result they look for better pay, good working condition, fringe benefit and basically strong financial position of the company that they want to work with.
Employers are struggling to get, and maintain talented employees by introducing competitive paying packages, training opportunities, good working condition and guarantee in loans for the aim of maintaining the most creative innovative and self motivated employees within the company.

The ongoing worldwide changes in the service industry have led to technological progress and expanding business requirements. With the growth of business, competition pressure is being focused to meet the needs of customers by providing quality products and services through the competent (staff) human resources.

One major telecommunications company estimated a need for as many as 8,000 new employees annually from 1998 through 2002 to offset an estimated 60% attrition rate caused by pension-eligible employees exiting the business, (Cataldo (2000). There is now a consensus in the global business community, that acquiring and retaining talented employees is the biggest challenge facing organizations. There is also an acknowledgment of a global talent shortage across nations and across sectors, and that the shortage is set to increase. Employee turnover is also one of the most challenging problem facing companies in Europe (HR Transformation Survey by Mercer Consulting, 2007).

The Chartered Institute of Personnel and Development (CIPD) UK found “recruiting and retaining best talent” to be in the top five drivers of organizations managing diversity. So, the message is clear: Talent has become central to business survival; yet that talent is in short supply, and this shortage is set to get worse. Organizations and even nations will do everything to get that talent from anywhere and everywhere, triggering a room for competing for employees. The war for talent was predicted way back by McKinsey (1998) in his survey report “The War for Talent”. But the scale and intensity of this “war” was probably not foreseen before.

It is from this thinking that the talented employee retention is considered as one of the best option in making their companies to operate effectively and efficiently in a liberalized competitive economy.
1.2 Statement of the Problem

In Tanzania and elsewhere employee turnover is increasing and its impact is great with regard to organization performance. The service industry has not been left out as employees’ turnover has been disrupting their services and relatively their organization productivity.

It is noted that, employee turnover become an obstacle in an organizations, effort in providing services. It is among of the issues which demand after budget when occurs; it leads to the deterioration of rapport and trust, lead to increased client dissatisfaction with services industry.

Preliminary, the problems existing at Spanco Raps Tanzania in most cases are process of motivation which does not implemented through the national established circulars, notably pay remains unchallenged especially holiday allowance, overtime as well as maternity allowance for women employees. Therefore, the researcher wants to assess the impact of employees’ turnover rate on organizational performance.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to assess the impact of employees’ turnover rate on organizational performance.

1.3.2 Specific Objectives

i. To examine how motivation relate with employee turnover among employees at Spanco Raps Tanzania

ii. To assess the relationship between employees turnover and Productivity at Spanco Raps Tanzania

iii. To examine how pay system relate with employee turnover among employees at Spanco Raps Tanzania
1.4 Research Question

1.4.1 General Question
What is the impact of employees’ turnover rate on organizational performance?

1.4.2 Specific Questions
The study intended to find answers for the following questions:

i. How motivation relate with employee turnover among employees at Spanco Raps Tanzania?

ii. What is relationship between labour turnover and Productivity at Spanco Raps Tanzania?

iii. How pay system relate with employee turnover among employees at Spanco Raps Tanzania?

1.5 Significance of the Study
This study was expected to contribute to the methods to retain employees and to reduce some of the costs associated with the high employee turnover.

However, this study also would be of a great importance to the management of Spanco Raps Tanzania as well as to its employees, share holders, regulatory board and the private sector at Large. Spanco management would strive to put on remedial actions of retaining the talents employees in accordance with talents employee’s expectations and satisfaction as well as minimizing if not eliminating dissatisfying factors within the organization.

Furthermore, the findings of this study would have an impact on customer service companies as they re-evaluate their talents retention strategies in the light of the findings of this study, taking into account the perceptions that talented employees have concerning their potential human resources variables.
1.6 Limitations of the Study
In order to perform out successful social science research one should have enough materials as well as human resources. The researcher being one person is not enough manpower to conduct the study at a wide coverage, also time constraint and lack of enough funds is other limitations of the proposed study.

1.7 Delimitation of the Study
As far as above limitation is concerned, yet the study must be done. For the issue of financial constraints, the researcher was asking her sponsor to fund as was committed to the whole course. Also the issue of time, probably the researcher was applying for 28 days annual leave which the researcher was spending at field while collecting data.

1.8 Organization of the Dissertation
This dissertation is organized in five main chapters. Chapter one presents the background to the problem, statement of the research problem, research objectives and questions, significance of the study, limitations and delimitations of the study, scope and variables of the study.

Chapter two presents the review of the related literature in relation with information, ideas, data and evidence written from a particular stand point to fulfill certain aims or express certain views on key statement of this study on assessing the impact of employees’ Turnover rate on organizational performance, review of empirical studies, research gap and end up with the conceptual framework.

Chapter three details study methodologies while chapter four presents main study findings and provides a discussion and analysis of the main findings whereas chapter five presents study summary, conclusion, and recommendations. A fine list of references and appendices finalize the dissertation.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
In this chapter the researcher conduct a conceptual overview of the study, theoretical framework and Empirical studies in order to generate research ideas focused on research objective and questions.

It involves reviewing various studies and literature relevant to the problem being investigated or being exploited and within the framework of the theory structure. The general orientation of this literature review is then critical to review and contribute to the previous work in a relevant area which in turn serves as the study guidelines for the researcher.

2.1 Definition of key Terms
2.1.1 Employee Turnover
Price (1977) defines employee turnover as “the degree of individual movement across the membership boundary of a social system”: However employee turnover is the ratio of the number of workers that had to be replaced in a given time period to the average number of workers (www.wordnetweb). Notably, employee turnover is the percentage of a company's total number of employees that must be replaced at any given moment (www.ehow.com). This is the definition which will be used for the study. For the purpose of this research employee and labor turnover will be used interchangeably with the same meaning.

Agnes (1999) defined turnover as “It is the ratio of number of workers that had to be replaced in a given time period to the average numbers of workers”.

According to Business Dictionary (2011), the ratio of the number of employees that leave a company through attrition, dismissal, or resignation during a period to the number of employees on payroll during the same period makes up what is referred to as Labour Turnover. An employee leaving the organization either voluntarily or
involuntarily is certain to have positive or negative effects on the organization. This as well would reflect on the productivity of the organization concerned.

2.1.2 Voluntary v/s Involuntary Turnover

Voluntary turnover can be defined as “The turnover in which employee has own choice to quit or instances of turnover initiated at the choice of employees” where involuntary turnover can be defined as “defined as “The turnover in which employees have no choice in their termination e.g. sickness, death, moving abroad or employer’s initiated termination” (cited in Wikipedia).

The importance of labor turnover has been pointed out by IRS (2000) that rates of labour turnover provide a graphic illustration of turbulence within an organization. High rates attrition can destabilize a business and demotivated those who attempts to maintain levels of service and output against a background of vacant posts, inexperience staff and general discontent, obviously recruitment induction and training costs all rise with an increase in labour turnover.

The Chartered Institute of personnel and Development CIPD (2000) have commented turnover may be a function of negative job attitudes, low job satisfaction combined with ability to secure employment elsewhere i.e. the state of the labour market. On the other hand turnover is a normal part of organizational functioning and while excessively high turnover may be dysfunctional, a certain level of turnover is to be expected and can be beneficial to an organization.

Grifeth and Hom (1994) stated that employee turnover will definitely contribute to the potential benefits and disadvantages for an organization. For instance, dislocation of poor performance, infusion of new knowledge and technology, reducing labor costs when facing stiffer competition, maintaining ties with exiting employees and providing new business ventures, or enhancing promotional opportunities for the remaining staff can be considered as positive ramifications. The negative effects cover economic costs, productivity losses, impaired service quality, lost business opportunities, increased administrative burden and loss of morale among the
remaining staff. Employee turnover incurred some influences toward the organization but basically negative effect will definitely more than the positive effect and this is the main reason some organizations are implementing the compensation and benefits package to retain their workers. In addition, employee turnover costs are not only monetary but the company may have also lost the 'knowledge' possessed by the departing employee (Gomez-Mejia et al, 2001).

The practice of Human Resource Management (HRM) is concerned with all aspects of how people are employed and managed in an organization (Armstrong, 2009). The strategic business function organ of the organization sees to the inflow and outflow of employees in the organization. The HRM function of directing the organization system to ensure that human talents are used effectively to accomplish desired goals is very crucial, thereby not left ignored.

2.1.3 Service Industry
The service industry involves the provision of services to businesses as well as final consumers. Such, therefore, include accounting; trades man ship, computer services, restaurants, tourism, etc. Hence, a service Industry is one where no goods are produced whereas primary industries are those that extract minerals, oil etc. from the ground and secondary industries are those that manufacture products, including builders, but not remodeling contractors (Pande, et al, 2000).

The service industry is most commonly associated with luxury spending, such as tourism, entertainment venues, restaurants and retail stores. In addition to those types of businesses, however, a multitude of other vital public services are included in this tertiary sector of the economy. Law enforcement officers, social workers, firefighters, medical professionals and postal workers all contribute to a vast service industry that ultimately improves the lives of the people who benefit from it. While not all of these organizations provide a tangible product, as restaurants or retail establishments do, their work is service oriented nonetheless (Snee, 2004).
The service industry consists of the soft parts of the economy such as insurance, government, tourism, banking, retail, education, and social services. In soft-sector employment, people use time to deploy knowledge assets, collaboration assets, and process-engagement to create productivity, effectiveness, performance improvement potential and sustainability. Service industry involves the provision of services to businesses as well as final consumers. Services may involve transport, distribution and sale of goods from producer to a consumer as may happen in wholesaling and retailing, or may involve the provision of a service, such as in pest control or entertainment. Goods may be transformed in the process of providing a service, as happens in the restaurant industry or in equipment repair. However, the focus is on people interacting with people and serving the customer rather than transforming physical goods (Rosenberg, 2005).

The service industry has its own special characteristics, which differentiate it from manufacturing and make it harder to apply Lean Six Sigma tools, which can be summarized in the following main areas (Kotler, 1997; Regan 1963; Zeithmal, Parasur and Berry 1985):

**Intangibility**: Although services can be consumed and perceived, they cannot be measured easily and objectively, like manufacturing products. An objective measurement is a critical aspect of Six Sigma, which requires data-driven decisions to eliminate defects and reduce variation. The lack of objective metrics is usually addressed in service organizations through the use of proxy metrics (e.g. customer survey).

**Perishability**: Services cannot be inventoried, but are instead delivered simultaneously in response to the demand for them. As a consequence, services processes contain far too much ‘work-in-process’ and work can spend more than 90% of its time waiting to be executed (George, 2003).

**Inseparability**: Delivery and consumption of service is simultaneous. This adds complexity to service processes, unknown to manufacturing. Having customers
waiting in line or on the phone involves some emotional management, not present in a manufacturing process.

**Variability**: Each service is a unique event dependent on so many changing conditions, which cannot be reproduced exactly. As a result of this, the variability in service processes is much higher than in manufacturing processes, leading to very different customer experiences.

2.2 Theoretical Review

2.2.1 Major Causes of Employee Turnover

The employee turnover may be caused by:

2.2.1.1 *Demographic and Personal Characteristics of an employee*

The demographic and personnel characteristics of an employee may be reason of leaving from the organization. These characteristics are age, gender, qualification, marital status, experience and tenure.

Different researches proved different demographic characteristics for reason of leaving. According to Hom and Griffeth (1995), women did not quit their jobs more freely than did men; rather they were more loyal employees. Kinship association and number of children improved Turnover while the number of relatives in the community increases organizational exits. Older employees who have long stay in the company depart unusually than younger and short tenure employees.

2.2.1.2 *Job Satisfaction*

Job satisfaction was related to resignations (Mobley, 1977; Porter and Steers, 1973; Price and Mueller, 1986; Steers and Mowday, 1981). Thus employees having job dissatisfaction leave their current employer more easily.

Carsten and Spector (1987) and Steel, Hendrix and Balogh (1990) gave us an idea about the relationship between job satisfaction and turnover is stronger when the time span between administration of the questionnaire and assessment of the turnover is shorter (Mobley et al. 1979). Steel and Ovalle (1984) found that military personnel
have strong binding relationship with his job satisfaction and retention as compare to civilians.

The relation between job satisfaction and employee turnover is reciprocal to each other and this relationship is high when unemployment rate is low in the society and similarly low when unemployment rate is high. As Carsten and Spector explained “Even though people are not satisfied with their jobs, they will be less likely to quit if there are few alternatives (1987, 378)”.

2.2.1.3 Organization and Work Environment

- Compensation
  Compensation plays an important role to retaining employees. Researchers believed that displeasure with salary and pay robustly motivate employee turnover (Gomez-Meija and Balkin, 1992a; Milkovich and Newman, 1993). The lack of different compensation packages like fringe benefits and incentive pay (Heneman, 1985) definitely create an impact on retaining employee or departing from the organization.

- Leadership and supervision
  The coordination between managers or supervisors with their subordinates may create impact on employee turnover. It depends on the employee’s satisfaction with their supervisors and also the communication skills of supervisors to handle their subordinates. According to Dansereau, Graen, and Haga (1975), Graen and Scandura (1986); leader member exchange represent that the superiors and subordinates are related with each other. It also influences on decision making, information exchange and social support of employees. Because of this subordinates develop high quality exchanges with their supervisors.

2.2.2 Consequences of employee Turnover

The consequences of employee turnover identified in the wider literature are analyzed at two levels: organizational-level; and individual-level. An objective of this study was to explore the consequences of voluntary employee turnover on the organization’s performance; the negative outcomes of turnover are perhaps more
frequently studied in the literature (Mobley, 1982). Examples of this include employee separation, replacement and training costs, reduced productivity and output and disruption to business operations (Dalton & Todor, 1979). The departure of talented employees was also identified in the literature as a turnover cost (Dalton & Todor, 1979; Mobley, 1982). Abelson and Baysinger (1984) extend on the latter by noting that dysfunctional turnover constitutes the loss of a valued employee that subsequently results in lowered organizational effectiveness. Turnover can also have negative implications from an organizational-social perspective.

By way of example, disruptions to internal communication lines (Mobley, 1982) and severed personal ties within work groups (Muchinsky & Morrow, 1980) are possible adverse outcomes of voluntary turnover. Despite turnover being widely conceptualized in the literature as a negative outcome for organizations, there is empirical evidence to support the contrary.

A consensus exists on the need to guard employee turnover from being viewed solely from a negative perspective (Abelson & Baysinger, 1984).

2.2.3 Factors for Labor Turnover

Staff turnover is a complex issue, with many conditions acting together to influence it. Modern organizations are characterized by fast-changing technology, increased workloads and job insecurity as a results labor turnover is receiving increasing attention.

Hannan et al., (2007) asserts that labor turnover pause a difficult problem to human resource planners because of the uncertainty attached to it and that the problem can be avoided through such programs as motivation, improvement of work life and job satisfaction. Hannan further narrates that normal exit from organization is expected. That , employees will one day leave the job and let the organization which is a going concern leave longer than its people. The exit is normal and easy to anticipate because the work organization has information regarding the employees ages and know for sure the date of exit. As Hannan put it, it is normal for employees to leave the organization under normal separation that it is for them to join it.
Hannan study on the issue of labour turnover is a useful starting point however he did not perceive that program like motivation, improvement of work life and job satisfaction are only short lived. These programs do not act as permanent solutions for employees to have long term tenure a given work force. The human resource plans or organization at large, need to have ongoing programs at short intervals to hold back employees. In this way, the investment which has been used to employees on training and development will be fully justified.

Gupta (2009) explain that labor turnover arises due to avoidable and unavoidable reasons. Labor turnover due to avoidable causes include redundancy which is the most significant avoidable causes of labor turn over. Workers may become redundant or surplus and have to be discharged due to seasonal nature of business, lack of demand, shortage of raw materials and power, defective management planning, dissatisfaction with the job, poor working conditions, low wages, long working hours, bad relations with workers and supervisors

Unavoidable causes, this are reasons beyond the control of management, these reasons are as follows;-better prospects outside the concern, domestic affairs like marriage and pregnancy, illness and accidents causing physical disability, death, unsuitability for job or gross inefficiency, gross misconduct or insubordination, departure from city and housing or transport problem. Various authors (Grobler et al, 2006 and Nel et al, 2008,) give an overview of factors that impact on staff turnover. These factors can be divided into individual, job, organizational and environmental factors.

2.2.4 Individual Factors
Individual factors that have an effect on staff turnover are age, length of service, background, and personality (Grobler et al, 2006; Nel et al, 2008).

2.2.4.1 Age
Studies reveal that there is an inverse relationship between age and turnover – young new hires are the highest risk factor for turnover. Grobler et al (2006) state that
employees with a propensity to quit are young employees with little seniority who are dissatisfied with their jobs.

The relationship between age and turnover may be based on a number of influences. Younger employees may have more entry level access, more job opportunities and fewer family responsibilities, making job mobility easier.

2.2.4.2 Length of Service (Tenure)
In terms of tenure, most research conducted support the supposition that turnover is significantly higher for shorter tenure employees. It has been found that employees normally resign during the first three years of employment. Grobler et al (2006). A large percentage of voluntary turnover occurs in the first few months of employment when a person is still new in the organization According to Van Der Merwe and Miller (1993) it is not only the length of service which affect employee stability but factors such as the formation of group ties, essence of familiarity with the job situation, and other tangible and intangible benefits which are likely to arise from long service. Nel et al (2008) also state that employees sometimes remain in an organization for a long period because they have built up a good relationship with their coworkers.

2.2.4.3 Personality
Personality is the dynamic organization within the individual of those psycho-social factors that determine the person’s unique adjustment to his or her environment Feldman and Pentland (2003). Personality variables may influence turnover through a variety of paths. Trait affectivity, for example, may influence the perception of the work environment and lead people to believe a job has negative or positive qualities that would not be present in other jobs

2.2.5 Organizational Factors
Organizational factors that can potentially impact on staff turnover include the organizational culture, organizational climate, communication, empowerment,
promotional opportunities, corporate management, geographical location, training and development and organizational commitment.

2.2.5.1 Workload
A consistently heavy workload increases job tension and decreases job satisfaction, which in turn, increases the likelihood of turnover according to Greenberg and Barron (2003) the content of the work itself, is a major source of job satisfaction. Feedback from the job itself and autonomy are two important job related motivational factors. Some of the most important ingredients of a satisfying job, uncovered by surveys, include interesting and challenging work, work that is not boring and a job that provides status.

2.2.5.2 Working Conditions
Nel et al, (2008) explain that Working conditions have a modest effect on job satisfaction. If working conditions are good (clean, attractive) employees will find it easier to carry out their jobs. If working conditions are poor (hot, noisy) personnel will find it more difficult to get things done.

2.2.5.3 Remuneration
Wages have a significant impact on job satisfaction. Nel et al, (2008) stipulate that money not only helps people attain their basic needs but is also instrumental in satisfying upper level needs such as esteem and self-actualization. People perceive their remuneration as an indication of what they are worth to the organization. Fringe benefits are also important but they are not as influential because employees normally do not know how much they are receiving in benefits.

2.2.5.4 Relationship with Supervisors
Supervision is another moderately important source of job satisfaction. Luthans (2005) state that there seems to be two dimensions to supervisory style. One is employee centeredness and this is measured by the degree to which a supervisor takes a personal interest in the employee’s welfare. The other dimension is
participation or influence, as illustrated by managers who allow their employees to participate in decisions that affect their job.

2.2.5.5 Relationship with Co-Workers
The nature of the work group will have an effect on job satisfaction. Friendly cooperative workers are a modest source of job satisfaction to individual employees. Luthans, (2005) is of the view that the work group serves as source of support, comfort, advice and assistance to the individual worker. A good work group makes the job more enjoyable. Also Nel et al, (2008) argues that people with strong career orientation may place less emphasis on social relations. As mentioned earlier, employees with a longer tenure are less likely to leave their jobs because of the relationships built with coworkers.

2.2.5.6 Organizational Culture
Once an organizational culture is established, it will provide employees with identity and stability thus leading to job satisfaction which will in turn reduce the employee’s intent to resign. Employees that cannot identify with the organizational values, tend to leave the organization soon after employment. The process, through which employees adopt organizational values, is called socialization. According to Jooste (2003) organizational culture serves to integrate organizational members so that they know how to relate to one another and to adapt to the environment.

2.2.5.7 Organizational Climate
Organizational climate describes the present trend of opinion, attitudes and feelings in an organization. Jooste, (2003) indicate that organizational climate is about employee’s perceptions of what the organization is about and subsequently affect morale and attitudes. Different sections of an organization may have different climates because of different conditions under which employees work. Climate is influenced by different styles of management, work pressure and the availability of resources. The organizational climate is a relatively enduring quality of the organization which is experienced by its members, has an effect on their behavior, and influences how the organization functions.
2.2.5.8 Training and Development

The relationship between training and staff turnover is complex. A point of view by Forrier and Sels, (2003) by states that high staff turnover reduce the return on investment in human capital and, as a result discourages that investment. The literature postulates both a positive and a negative relationship between training and staff turnover. According to the positive perspective, companies with a high turnover rate will invest more in training to replace the skills and competencies of outgoing personnel and to increase employment loyalty in the future. The negative perspective argues that organizations that train employees extensively generate higher turnover precisely because the trained personnel leave the company for better paid jobs where they can use the skills they have acquired.

2.2.5.9 Empowerment

According to Jooste (2003) empowerment refers to the use of a person’s potential and competencies, the discovery of new expertise and the creation of new opportunities to apply such competencies. In essence the process of empowerment provides workers with the skills and authority to make decisions that traditionally were made by managers and thus it made an employee to remain longer in an organization.

2.2.5.10 Promotional Opportunities

Luthans (2005) comments that, promotional opportunities seem to have a varying effect on job satisfaction. This is because promotions take a number of different forms and have a variety of accompanying rewards. For example, individuals who are promoted on the basis of seniority often experience job satisfaction but not as much as those who are promoted on the basis of performance). Similarly, a ten per cent salary raise is typically not as satisfying as one with a 20 per cent salary increase. Promotional arrangements can reward individual behavior by providing security, status and skill development. It can also benefit the organization by promoting productivity and performance goals. Promotion can contribute to retaining employees and motivating them to perform, thus reducing costs of training, recruitment and turnover.
2.2.6 Impact of Labor Turnover in Organization

High staff turnover can impact negatively or positively on an organization’s capacity to meet its organizational objectives and needs. The effects of labor turnover are the driving forces that compel managers to look at this issue in depth. It is because of these effects that managers are starting to see staff turnover as a problem that needs attention.

Gupta (2009) argues that some degree of labor turnover is inevitable as well as desirable in all organizations, however high rate of turnover is a warning to management that something is wrong with the health of the organization, it may mean poor human resources practices, poor supervision poor company policies and so on, high labor turnover is a sign of low morale and instability and is harmful to both employer and employees. High labor turnover is costly to organization in following ways

2.2.6.1 Financial Cost

The most frequently studied organizational consequence of turnover is monetary cost. It has become evident for most researchers that turnover is expensive, even though in reality it is only a few organizations that systematically evaluate the direct or indirect cost of turnover. According to CIPD report of 2005 in Armstrong (2006) recruitment, retentions and turnover survey established that the average cost per leaver was 4625. This is typical figure, and the calculation of the costs of labor turnover in an organization can be produce alarming sums if labor turnover is high, especially among managers and knowledge workers.

The high cost of losing employees has long been recognized in the world. According to Gupta (2009) Armstrong (2006) identified a number of costs incurred as a result of employee turnover. These are:

- Hiring cost involved in repeated recruitment, selection and placement of employees
- Expenditure incurred on orientation and training of workers go west
- Overtime costs have to be incurred to meet delivery schedule
• Accident rates of new employees are usually higher
• Opportunity cost of time spent by HR and line managers in recruitment
• Opportunity cost of time spent by line managers and other staff in providing training
• Loss of the input from those leaving before they are replaced in terms of contribution, output sales, customer satisfaction support
• The team spirit among employees is disturbed as a new recruited worker need some time to develop friendly relations with the existing employer.

2.2.6.2 Productivity Losses and Workflow Interruption
In most turnover situations a person who exists abruptly leaves a productivity gap, this void not only causes problems for the specific job performed by the departing employee, but also for other team and within the flow of work. The point was made by IRS 2000 in Armstrong (2006) that the rates of labor turnover provide graphic illustration of the turbulence within an organization. High rates of attrition can destabilize a business and de-motivate those who attempt to maintain levels of services and output against background of vacant posts, inexperienced staff and general discontent, obviously recruitment, induction, and training costs all rise with an increase in labor turnover.

2.2.6.3 Disruption in the Psycho-Social Environment
In any organization, social and communication patterns develop among employees over time that not only assist them in doing a better job, but also contribute to effective work relationships and feelings of belonging. According to Hacker (1999), when an employee leaves, other employees who were sociable with the leaver may feel distressed. If leavers are valuable co-workers, and/or if the work group is cohesive, turnover can have a negative effect on those remaining.

2.2.6.4 Decline in Morale
If an employee leaves, the morale of the remaining employee may be shaken. Turnover may stimulate additional turnover by causing a decline in attitudes and highlighting the fact that alternative jobs may be available.
2.2.7 Strategies against Labor Turn Over

The impact of turnover has received considerable attention by senior management, human resource professionals, and industrial psychologists. It has been proven to be one of the most seemingly intractable human resource challenges confronting organization, variety of literatures have been written on how to reduce labor turnover as follows:

2.2.7.1 Increase of job satisfaction

Most of literature indicates that job satisfaction is most important determinant of labor turnover, though it is debatable Luthans (2005) stipulate that research has uncovered a moderately negative relationship between satisfaction and turnover, high job satisfaction will not, in and itself, keep turnover low, but it does seem to help on other hand if there is considerable job dissatisfaction, there is likely to be higher turnover. Robbins (2000) indicates that the relationship between job satisfaction and staff turnover is negative, but stronger than for the relationship between job satisfaction and absenteeism. According to him, factors such as the availability of labor, expectations about alternative job opportunities and length of service are important constraints on the actual decision to leave. It is therefore clear that, in this study, factors other than job satisfaction should also be considered and probed in the empirical study.

2.2.7.2 Organizational Culture

According to Keitner and Kinicki,( 2004) an organization’s culture serves as a source of shared meaning that explains why things occur in way they do .As a result, it gives members of the organization an identity. Identifying with the organization creates greater commitment to organizational goals and objectives. Commitment to the organization implies that employees will be less likely to leave the organization. It creates social system stability with associated emotional security. By nurturing a shared sense of identity and commitment, culture encourages lasting integration and cooperation among the members of the organization. It is clear that identification with the organizational culture could therefore reduce staff turnover
2.2.7.3 Retention

One theoretical approach to understanding staff turnover is to highlight the reasons why employees prefer not to leave the organization or, in other words, the factors that influence the retention of employees. These factors include commitment and the accumulative benefits derived from long service. If a manager notices unacceptable high turnover in a critical job category, he/she should look at what people are asked to do in that job, and then have to come up with innovative ways to design jobs to make work execution more efficient and at the same time increase the enjoyment factor. Greenberg and Baron (2003) identified five characteristics, name skill variety, task identity, task significance, feedback and autonomy that make jobs more motivational. Job enlargement, job rotation and job enrichment can also be used to make jobs more motivational. When this is successful the organization will experience low rate of turnover

2.2.7.4 Provide Equitable Remuneration and Motivation

Pay problems arise because of uncompetitive, inequitable or unfair pay systems. According to Mathis and Jackson (2003) pay and benefits must be competitive which means they must be close to what other employers are providing and what individuals believe to be consistent with their capabilities, experience and performance. That means if an employee receives about the same pay increase and overall pay as others who produce less, are absent more and work fewer hours than themselves, they may feel that the situation is unfair. To strengthen links between organizational and individual performance, firms are using variable pay and incentives programs. These programs offer cash bonuses or lump sum payments to reward extra performance

Gupta (2009) suggested ways to labor turnover to include:

- Proper planning of manpower requirements so as to avoid redundancy
- Improvement in recruitment policy and practices
- Use of proper tests and selection of employees
- Proper orientation and training of employees
- Better pay and good working conditions
• Promotion from within and other career opportunities
• Security of services
• Impartial transfer and promotion policies
• Introduction of incentive plans
• Employee welfare scheme
• Adequate machinery for satisfactory redresal of grievances
• Provision of retirement benefits
• Employee consultation, suggestions scheme and workers participation in management
• Conflict resolution and team building techniques to improve human relations morale

IRS (2000) suggest that where there is general turnover problems within the organization, companies often take a holistic approach aimed at fully engaging with staff. This may encompass a wide range of measures such as:

• Improving recruitment procedures to ensure candidates receive a realistic impression of the company and the job.
• Supporting new recruits during the critical first few weeks in the job
• Providing clear career paths, interesting work and support for personal development.
• Considering work-life balance issues
• Keeping pay in line with appropriate market rates
• Offering an attractive employee benefits package
• Creating a pleasant working environment
• Communicating and consulting effectively with employees

2.3 Underlying theory of Employees Turnover
Sources of employee turnover intention are very complex. Most turnover theories focus only on an employee's affective responses to the job, such as job involvement. Thus, existing turnover models, such as Mobley’s (1977), Price’s (1977), and Steers and Mowday’s (1981) seem inappropriate for 21st-century economics and cannot
comprehensively explain turnover intention. However, existing turnover theories provide a framework to facilitate thinking about the topic. Recently, Shen, Cox, and Mcbride (2004) and Branham (2005) proposed new concepts of turnover intention that may more accurately explain turnover behaviour in current organizations. Contemporary turnover theories provide valuable information about the effects on turnover intention of different leadership styles, organizational cultures, levels of job satisfaction, working hours, and reward systems. This information can help leaders to improve leadership styles, training procedures, policy, etc., but cannot systematically analyze other factors, such as personal situation factors, which may not be controlled by leaders but which are useful in predicting turnover or decision-making.

2.3.1 Needs Theories
These theories are based on the argument that an individual experience a state of aroused need this state creates tension within the individual (need arousal) and provokes a search for ways to satisfy the need and behavioral response to satisfy the need. If the need remains unsatisfied, the aroused state will continue to seek ways of satisfying the need until satisfactions experienced.

From this theory we found that individual my leave the organization because of the unsatisfied need. However not all of the employees needs can be fully satisfied by the employer. This theory will assist the researcher to identify how unsatisfied needs can lead to employee turnover.

2.3.2 Maslow’s Hierarchy of Needs (Motivation Theory)
Motivation theory (Maslow1970) calls attention to human needs as the drivers of behaviors. Needs are aspects of people’s lives that need fulfillment, and which therefore initiate, direct and sustain behavior satisfaction. Theory clarify that individuals first seek to satisfy lower order needs before higher needs. These needs systematic are physiological needs, safety or security needs, social needs, ego needs, and self actualization
Theory requires a manager to identifying dissatisfying need that enforce employee to leave the organization and work on those needs to satisfy them. Unsatisfied needs lead to employee exits seeking for needs satisfaction. From this theory researcher will find needs which drive employee to leave the organization as a result of need unsatisfied.

2.3.3 Alderfer’s ERG Theory
Alderfer proposed three sets of needs, need existence, relatedness and growth. Theory contributed the frustrations regression hypothesis (Gibson et al. 2000, hellriegel et al, 2001) theory argued that when employee are frustrated in meeting higher order needs, the next lower order need reemerge to influence the employees behavior to seek satisfaction of that lower order need. As this happen it results to employee leaving the organization.

2.3.4 Reinforcement Theory
skinner, (1974): hilgard, Atkinson, & atkison, (1979), Gibson et al (2000) theory provides insight into the way that people learn, but also provides valuable insight into what influences behavior and into tool a manager can use to motivate staff, based on the application of extrinsic rewards such as pay, benefits, and praise (Tosi, Rizzo & Carrol, 1994) theory is reinforced by any environmental consequence that immediately follows a behavior response. Conditions behavior that is both positive reinforcement desirable or valued consequence and negative reinforcement removal of an adverse consequence increase the like hood of behavior being repeated (Robbins 2001).

2.3.5 Intrinsic and Extrinsic Reward Theory
Lawler (1981) stated that “overall job satisfaction is influenced by how satisfied employees are with both the intrinsic and extrinsic rewards they receive from their jobs” (Lawler, 1981.). Most researchers agree that both intrinsic and extrinsic rewards are very important to job satisfaction, and no study showed that one is more important than the other one (Lawler, 1971; Lawler, 1981; Quinn & Staines, 1979; Vroom, 1964). Lawler (1971, 1981), Quinn and Staines (1979), and Vroom’s (1964)
statements conflict with Herzberg et al.’s (1993) two-factor theory, which proposed that fulfilling pay satisfaction could not lead to job satisfaction.

2.3.6 Equity Theory

Adams (1965) proposed an equity theory which stated that pay satisfaction is determined by an employee’s perceived input-outcome balance. Employees feel satisfied when payment is equitable and feel dissatisfied if an inequity exists. In other words, pay satisfaction is determined by the perceived ratio of what employees receive from the job compared to how much they put into the job (Adams, 1965; Lawler, 1971).

In 1968, Locke presented a discrepancy theory to explain satisfaction. According to Locke’s theory, satisfaction is determined by the difference between what the person desires and what is actually received (as cited in Lawler, 1971).

Lawler (1971) built the Model of the Determinants of Pay Satisfaction. This model emphasized the importance of social comparisons and proposed that pay satisfaction is “basically determined by the difference between perceived pay and the person’s belief about what his pay should be” (Lawler, 1971, p. 214). Lawler (1981) identified two factors: (a) perceived amount that should be received and (b) perceived amount received. When a=b, the employee feels satisfaction. When a > b, the employee feels dissatisfaction, and when a < b, the employee feels guilt, inequity, and discomfort.

The perceived amount that should be received (a) consists of the following factors:

iv. Perceived personal job input, which includes skill, experience, training, effort, age, seniority, education, company loyalty, past performance, and present performance;

v. Perceived input and outcome of referent others; and

vi. Perceived job characteristics, which include level, difficulty, time span, and amount of responsibility.

vii. The perceived amount received
2.3.7 Two Factors Theory

Herzberg et al. (1993) proposed a two-factor theory in which job satisfaction and dissatisfaction are influenced by different factors. The two-factor theory emphasizes that employees have two types of needs: hygiene and motivation. Hygiene factors include interpersonal relations-supervision, supervision-technical, working conditions, pay, company policy, and administration. If hygiene factors are absent from the employees’ work environment, workers’ job dissatisfaction will result. The fulfillment of hygiene needs removes barriers to job satisfaction, but cannot in itself result in job satisfaction. In other words, the fulfillment of hygiene needs only prevents employees’ job dissatisfaction.

Motivational factors include achievement, responsibility, advancement, recognition, and the work itself. The fulfillment of motivator needs can promote employees’ job satisfaction (Furnham, Petrides, Jackson, & Cotter, 2002; Herzberg et al., 1993). Values that enable an individual to achieve conscious or subconscious desires (Locke, 1969; Locke, 1983).

Locke (1983) found the following: Job satisfaction results from the attainment of values which are compatible with one's needs. Among the most important values or conditions conducive to job satisfaction are: mentally challenging work with which the individual can cope successfully; personal interest in the work itself; work which is not too physically tiring; rewards for performance which are just, informative, and in line with the individual's personal aspirations; working conditions which are compatible with the individual's physical needs and which facilitate the accomplishment of his working goals; high self-esteem on the part of the employee; agents in the work place who help the employee to attain job values such as interesting work, pay, and promotions, whose basic values are similar to his own, and who minimize role conflict and ambiguity (p. 1328).

In 1967 and 1968, Lawler and Porter stated that job satisfaction was generated by the rewards that were perceived as equitable. Lawler (1973) proposed a facet theory that stated that the degree of job satisfaction experienced by an employee is
decided by comparisons between expectations of rewards from the job facet and perceptions of rewards received. Expectations of rewards were determined by perceptions of the individual’s input into the job, the input and outcome of co-workers, and the demands of the job. Perception of actual rewards was determined by equity considerations, specifically compared to what others receive. In short, according to Lawler’s facet theory (1973), job satisfaction results when the reward received is the same as the expected reward (Berry, 1998; Lawler, 1973; Lawler & Porter, 1967; Porter & Lawler, 1968).

In 1978 and 1985, Landy proposed his opponent process theory. This theory emphasizes that job satisfaction can change over time, even if the job itself has not changed. This theorist stated that job satisfaction is an emotional factor affected by physiological influences and by opposing processes that are balanced by other processes that can help an individual counteract the emotional response to a job. The opposing process included two different operations: an immediate emotional response and a later reaction after many emotional responses to the job have occurred.

The individual was in an emotionally neutral state. Then, the individual had an immediate emotional response after a positive or negative stimulus. Later, when the stimulus was withdrawn, the individual experienced the opposite emotion before returning to an emotionally neutral state (Berry, 1998; Landy, 1978; Landy, 1985).

Spector (1997) generalized fourteen common job satisfaction facets: appreciation, communication, coworkers, fringe benefits, job conditions, nature of the work itself, the organization itself, an organization’s policies and procedures, pay, personal growth, promotion opportunities, recognition, security, and supervision.

**Three Component Model**

Allen and Meyer (1991) developed a three-component model of organizational commitment designed to maintain employment in an organization: First, affective
commitment (a desire) refers to an employee’s emotional involvement in the organization. Second, continuance commitment (a need) discusses commitment based on the costs associated with leaving the organization. Third, the normative commitment (an obligation) refers to an employee’s feelings of duty to remain with the organization out of loyalty (Meyer & Allen, 1991; Meyer & Allen, 1997; Wasti, 2003).

Lance et al. (1999) developed a theoretical framework of the motivational bases of affective commitment. The researchers proposed that meaningfulness, responsibility, knowledge of results, empowerment and exchange are related to intrinsic motivation, which directly affects affective organizational commitment and general job satisfaction. Affective organizational commitment and general job satisfaction directly impact absenteeism and turnover. Meaningfulness, responsibility, knowledge of results, and empowerment and exchange are composed of several factors as follows:

viii. Meaningfulness: (a) skill variety; (b) task significance; and (c) task identity;
ix. Responsibility: autonomy;
x. Knowledge of results: (a) feedback from the job; and (b) feedback from others; and
xi. Empowerment and exchange: (a) supportiveness; (b) participation; and (c) fairness.

2.3.8 Firm Specific Human Capital and Job Matching Theory

There are two main theories on how employee turnover affects firms’ productivity. The first theory is the Firm Specific Human Capital (FSHC) theory, pioneered by Becker (1975). It is asserted that if firms need to bear the cost of training, their incentives to provide staff training will be lowered by high quitting rates. The incentive will be even weaker when firm specific and general training are less separable, as employees have lower opportunity costs of quitting (Lynch 1993). Therefore, firms’ productivity falls as turnover increases. Even if FSHC is bred through learning-by-doing, its accumulation remains positively related to employees’ tenure. As a result, a higher turnover rate will still lead to lower productivity.
In addition to the direct loss of human capital embodied in the leavers, there are other negative impacts of turnover on productivity. First of all, a certain amount of output will be forgone during the vacant and training period. The administrative resources used in separation, recruitment and training could have been invested in other aspects of the production process. Moreover, high employee turnover could adversely affect the morale of the organisation. Sheehan (1993) records that the employees who leave the organisation change the perceptions of the remained employees about the organisation and therefore negatively affect its productivity and sometimes convinced other to exit.

Job matching theory established by Jovanovic (1979a; 1979b) and Burdett (1978). The key insight of this theory is that firms will search for employees and job seekers will search for firms until there is a good match for both parties. However, the conditions for an optimal matching may change over time, leading to continuous reallocation of labour.

For instance, a firm that has upgraded its production technology will substitute skilled for unskilled labour Ahn, (2001). Moreover, established firms also need ‘new blood’ to provide fresh stimulus to the status quo. On the other hand, a worker who has acquired higher qualifications via education, training, or learning-by-doing may seek a better career opportunity. It is my stand that organisation career development policy plays a big role in retaining employee or makes them leaving the organisation.

2.4 Empirical Literature Review

In their study Rachid and Zeffane (1994) with the heading Understanding Employee Turnover led the Need for a Contingency Approach; a strong body of research evidence has shown that better predictions of organizational phenomena would be achieved if greater emphasis was put on the interactive effects of potential independent variables. As an integral part of that research, contingency theory has been a landmark approach to organizational analysis. Draws on the main body of literature and attempts to show that contingency theory and its basic postulate would
strongly benefit the study of employee turnover. The study explains voluntary employee turnover is contingent on the amount of fit/misfit between individual values and the predominant organizational structure/management style. The Study suggests that the use of a contingency approach to employee turnover could be of great benefit in future research designed to enhance our understanding of this complex phenomenon. From the finding the study was a little bit outdated as it almost 14 years since it was conducted however it can provide the insight on factors influencing employee’s turnover.

Hurley and Estelami (2007) conducted an exploratory study of employee turnover indicators as predictors of customer satisfaction. The purpose was to service profit chain postulates that higher employee satisfaction levels lead to high customer satisfaction, and ultimately affect consumer loyalty and profitability. One construct that has largely been ignored in most of this research has been the role of employee turnover. This study proposes that employee turnover can also be a powerful predictor of employee sentiment and resulting customer satisfaction levels.

McBey and Karakowsky (2001) conduct a study to Examine sources of influence on employee turnover in the part-time work context. Extensive research has examined sources of influence on employee turnover in the full-time work context. Far less research attention has been given to addressing sources of influence on turnover in the part-time work scenario.

Survey data were collected from 412 part-time employees in the military reserves. The findings suggest that the same set of factors that influence turnover among full-time employees may not equally influence part-time employees. This study has a different scenario with the researcher as it was conducted in the military due to the nature if military findings can vary with the researchers as military is not a profit base organization where researcher is conducting a study in a profit based organization.
Min (2007) examined sources of warehouse employee turnover, this study aimed to identify key variables that affect warehouse employee turnover. These variables included: occupational variables (e.g. skills, years of experiences); organizational variables (e.g. firm size, industry); individual variables (e.g. pay scale, job security). Study develops a conceptual model for linking the aforementioned variables reflecting job alternatives and job satisfaction to warehouse employee turnover.

Conducted empirical analysis determines variables which significantly influence warehouse employee turnover. The empirical analysis based on data obtained from the questionnaire survey intended for various industries such as manufacturing, third-party logistics providers, wholesalers, and retailers which get actively involved in warehousing operations.

The survey data was analyzed using a series of regression analyses to identify variables significantly influencing warehouse employee turnover. Job security turned out to be one of the most important factors for recruiting and retaining warehouse employees, whereas monetary incentives have little or nothing to do with warehouse employee turnover. The larger the warehouse, the higher the employee turnover i.e. a lack of personal attention paid to warehouse employees may have the adverse impact on their retention.

More experienced warehouse workers are less inclined to give up on their current jobs than less experienced warehouse workers, probably because the former is more accustomed to warehouse working environments than the latter. The current study did not fully explore the impact of ethnicity on warehouse employee turnover, despite the growing diversity of warehousing workforce. Also, the current study was primarily based on the feedback provided by warehouse managers. However this study provides to the research some of the reasons for employee turnover which was job security.

Browna et al. (2004) conducted a study on Labour Turnover and Firm Performance: Theory and Evidence from the UK Workplace Employee Relations Survey explore
the impact of labour turnover on firm performance by analyzing the predictions of an extension of the efficiency wage model of Salop (1979), which separates incumbent and newly hired workers in the production function. Within this theoretical framework, an exogenous increase in the turnover rate can increase profits if firms do not choose wages unilaterally.

Study tests the theoretical predictions of the model using UK cross-section establishment-level data, the 2004 Workplace and Employee Relations Survey. In accordance with theoretical priors, the empirical results support the standard inverse relationship between the quit rate and firm performance where firms unilaterally choose the wage and a positive relationship between firm performance and the quit rate where trade unions and organization policy influence wage setting.

Knoop (1995) conducted a study that, explored the relationships among job involvement, job satisfaction, and organizational commitment, the researcher used a non experimental, quantitative design of registered nurses employed by 11 hospitals and three community colleges in Southern Ontario. Knoop’s (1995) literature review was thorough, current and compared theories of job involvement, job satisfaction, and organizational commitment.

A sampling plan resulted in a data-producing sample of 171 nurse educators and registered nurses. A graphic scale developed in 1982 by Kanungo and a five-point scale was used to measure job involvement. A short form of the Job Descriptive Index developed in 1985 by Hatfield, Robinson, and Huseman was used to measure the various facets of job satisfaction. A separate, one-item measure developed in 1972 by Iris and Barrett was used to measure overall job satisfaction. The Organizational Commitment Questionnaire (Mowday et al., 1979) was used to measure organizational commitment.

Findings showed that (a) neither job involvement nor involvement in the organization was statistically related to overall job satisfaction; (b) job satisfaction and organizational commitment were both statistically and meaningfully related; and
(c) there was a correlation between organizational commitment and job involvement (Knoop, 1995). The researcher did not propose any hypothesis and did not report reliability and validity. The data collection procedures were not clearly described. Future studies should present significant hypotheses and clearly describe data collection and analysis procedures.

2.5 Research Gap
Generally, after revising various sources of literature, it is obvious that, few researchers have written on the aspect of labor turnover on the job performance, most of them ending up appreciating that labor turnover is a major problem facing most of modern working organization and give some causes of it plus solution, considering the fact that, few have been documented on impact of turnover on the organization performance especially on Tanzanian private organization, it is the researchers’ view that, much should be done so as to fill the gap.

2.6 Conceptual Framework
Following going through various literatures, a conceptual frame work was developed. The conceptual frame work was developed in light of the objectives of the study.

The purpose of the conceptual framework is to analyze the variables which contribute, to the problem and hence show light on what variables do contribute on assessing the impact of employees’ turnover rate on organizational performance. In order to get the variables contributing on key statement a conceptual framework is essential.

Under this study independent variables are motivation, pay system and productivity; and dependent variable is Impacts of Employee Turnover on Organization Performance.
Figure 2.1: Conceptual Framework

**Independent Variables:**
- Motivation
- Pay system
- Productivity

**Dependent Variable:**
- Impacts of Employee Turnover on Organization Performance

*Source: Researcher’s Own Construct, 2013*
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
Kothari (2004) defines Research methodology as a way of systematically solving the research problem. It involves the following steps thus defining the research problem, sampling design, data collection methods, data analysis, interpretations, conclusion, and recommendation, report writing and presentation. Therefore, this chapter gives a brief description on how the study was conducted as per the fore mentioned items.

The study explored the problem in an interpretative view, using a descriptive approach which uses observation and surveys. To illustrate the descriptive type of research, Creswell (1994) guided the researcher when he stated: “Descriptive method of research is to gather information about the present existing condition. The purpose of employing this method was to describe the nature of a situation, as it exists at the time of the study and to explore the cause/s of particular phenomena. The researcher opted to use this kind of research considering the desire of the researcher to obtain first hand data from the respondents so as to formulate rational and sound conclusions and recommendations for the study”.

Primary and secondary researches were integrated. The reason for this was to be able to provide adequate discussion for the readers that helped them understand more about the issue and the different variables that were involved in it. In the primary research, managers were interviewed. A structured questionnaire was used as the survey tool for the study. On the other hand, sources in secondary research included previous research reports, newspaper, magazine and journal content. Existing findings on journals and existing knowledge on books were used as secondary research. The interpretation was qualitative in nature.

3.1 Study area
This study was conducted at Spanco Raps Tanzania because the availability of documented information in this case relevant for this study was higher and it was easy accessing major libraries and information in Dar es Salaam.
3.2 Research Design

According to Kothari (2000), research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. This is a framework for providing answers to the research questions in best possible way such as collection, organizing, analysing and interpreting data. It is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. This study used a Case Study as research design which involve collecting and observing data about a particular social unit in its natural setting.

The study aimed at assessing the impact of employees’ turnover rate on organizational performance at Spanco Raps Tanzania in Dar es Salaam city. The researcher used case study for the following reasons: Limited time, Cost in collection of data (since the data was collected in the area of field attachment) and Availability of data for research topic.

3.3 Type of Study

Both qualitative and quantitative methods were used. These methods were used because they describe the nature of situation as it exists in the time of the study as well as explores the causes of particular phenomena.

3.4 Study Population

In this study, the total population of the study is 183 included 48 managers (the heads of departments), 30 workers at HR Unity, 32 workers at Operation Unit, 33 workers at Training Unity and 40 workers at Quality Unity.

3.5 Units of Analysis

The unit of analysis is the major entity that is being analyzed in the study. It is the 'what' or 'whom' that is being studied. In social science research, typical units of analysis include individuals (most common), groups, social organizations and social artifacts (Kothari, 2000). In this study the major groups used are Spanco employees.
(Head of Departments at Spanco, Managers and Workers) and resigned staffs from the Spanco Raps employment.

3.6 Sample Size
A sample is a finite part of a statistical population whose properties are studied to gain information about whom (Yin, 2009). When dealing with people, it can be defined as a set of respondents (people) selected from a large population for the purpose of a survey. Samples are always subset or small parts of the total number that could be studied (Creswell, 2004). This study interviewed 117 respondents in the study area. The selected respondents came from operation unit, human resource unit, training unit and quality unit.

Table 3.1: Sample Distribution of Respondents

<table>
<thead>
<tr>
<th>No.</th>
<th>Description of Respondents</th>
<th>Sample Size</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Workers at Human resources unit</td>
<td>17</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>Managers</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>2</td>
<td>Workers at Operation unit</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>3</td>
<td>Workers at Training unit</td>
<td>16</td>
<td>33</td>
</tr>
<tr>
<td>4</td>
<td>Workers at Quality unit</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>117</td>
<td>183</td>
</tr>
</tbody>
</table>

Source: Researcher’s Own Construct, 2013

3.7 Sampling Techniques
Both purposive and random samplings were employed in this study. The researcher employed purposive sampling in order to address the desire and wishes of the study.

Using purposive sampling technique the researcher interviewed 48 managers in the Spanco Raps Tanzania who were given questionnaires to fill in. By using purposive sampling the researcher identified middle and lower level employees who worked at Spanco Raps Tanzania. Thereafter, the researcher employed random sampling procedure to pick three middle level respondents from each department, and nine lower level employees from each department.
3.7.1 Random sampling
Random sampling as a probability sampling was used to get 69 respondents from workers different unit at Spanco Raps Tanzania i.e. Human resources unit, Operation unit, Training unit and Quality unit. The researcher was selecting those workers randomly from different department at Spanco Raps. This technique gives each element an equal and independent chance of being selected. It selects the sample at random from the sampling frame without replacement. It is not biased in nature.

3.7.2 Purposive sampling
Purposive sampling as non-probability sampling was used to select 48 respondents from Managers at Spanco Raps. This technique entails deliberately selecting cases on the basis of specific qualities. The researcher was intentionally selecting the respondents likely to yield a greater understanding of the topic selected as well as information rich to the problem.

3.8 Types and sources of data
This study used both primary and secondary data (qualitative and quantitative data). The primary data were obtained through the use of interview and questionnaires while secondary obtained through documentary analysis or review.

3.9 Data Collection Methods
In this study, both primary and secondary data were collected and used. The collection of data to test the hypotheses/research questions completed through a combination of interviews, questionnaires and documentary review. The researcher used documentary review method to obtain existing information over Spanco Raps Tanzania. The method was found easy because it is a tradition for organizations collects data to support their operations.

Organizations keep collected data form of journals, publications, magazines, reports and research. The decision to employ the combination of interviews, questionnaires and documentary analysis based on the fact that no single instrument that was be considered adequate to give reliable results/data The researcher therefore used the
later forms of captured information to obtain data answering research problem questions (Creswell, 2003).

3.10 Data Analysis and Presentation
The findings were presented by using both statistical and graphical techniques. Statistical presentation used included frequency distribution tables and bar charts. The statistical presentations were obtained using computation of quantitative data which was done by using Microsoft Excel.
CHAPTER FOUR
RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.0 Introduction
This chapter presents details of the research results that presented in light of predetermined research objectives and questions. It begins with a description of the study sample and includes profiles of Managers and employee respondents. The chapter then focuses its attention on the findings of the interviews with managers and employee respondents. The findings are organized according to the research objectives. Moreover, this chapter present and analyze the research data as well as discuss the study findings.

4.1 Description of the study sample
The researcher studied Spanco Raps Tanzania in evaluating the impact of satisfaction to employees’ performance, a total of 117 respondents were interviewed. Most of the results are presented in percentages, tables and descriptive form. The findings are based on 25% respondents’ rate. The table below provides description of the respondents included in the study.

Table 4.1: Description of the respondents

<table>
<thead>
<tr>
<th>Description of Respondents</th>
<th>Frequencies</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers at Human resources unit</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Managers</td>
<td>48</td>
<td>41</td>
</tr>
<tr>
<td>Workers at Operation unit</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Workers at Training unit</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Workers at Quality unit</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

4.2 Background Characteristics of Respondents
This sub-section has outlined the characteristics of the respondents which were explained in terms of Working Experiences and sex. It explained here under:
4.2.1 Working Experiences

As noted in Table 4.2 shows the distribution of respondents’ Working Experience. The findings show that 45% of the respondents were below 1 year working experience; furthermore between 2-5 years working experience were 30% of the respondents, while above 8 years were 25% of the respondents. Therefore, it shows that most of the respondents were having less working experience i.e. below 1 year.

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>53</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Between 2-5 years</td>
<td>35</td>
<td>30</td>
<td>30</td>
<td>75</td>
</tr>
<tr>
<td>Above 8 years</td>
<td>29</td>
<td>25</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100</td>
<td>100</td>
<td>220</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

4.2.2 Sex

As noted in table 4.2 and figure 4.1 that presented the sex of the respondents, results show that 64%(75) of the respondents were male, while the 36%(42) were female. The analysis of findings show indicates that, more male were sampled.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>75</td>
<td>64.0</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>36.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

4.3 Employee turnover in Spanco Raps Tanzania

On examine Employee turnover in Spanco Raps Tanzania, as noted table 4.4 below, 60% of respondents said employees in Spanco Raps Tanzania are regularly quitting
from job and 23% of them reported to see it as normal where as 17% of respondents the situation is irregular. But as it is indicate by large number of respondents, it seems at Spanco Raps Tanzania there is high labor turnover. The situation is supported by the location of the Spanco Raps Tanzania where there are many companies that pull employees out of their current company. This is facilitated by better working environment and motives.

Table 4.4: Responses on Employee turnover in Spanco Raps Tanzania

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>70</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Normal</td>
<td>27</td>
<td>23.0</td>
<td>83.0</td>
</tr>
<tr>
<td>Irregular</td>
<td>20</td>
<td>17.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.1: Bar chart shows Responses on employees turnover in Spanco Raps Tanzania

Source: Study Findings, 2013

However, Quality of Service Provision, as noted on table 4.5, 43% of respondents were on favor on quality of services offered by Spanco Raps Tanzania. They said the
quality is very high. The results are against 7% of respondents who reported to find the quality of services as very low. While 27% of respondents said it is high, 10% of respondents reported to view it a low. About 13% of respondents said the quality of services provision is moderate.

When looking at these results, the researcher finding that there are little effects of service offered in the company as a result for employee turnover. Such a situation is achieved mostly because more than one employee operates many departments and sections. If there are two staffs in a single department or section, and one decides to quit from job, the rest can proceed with provision of services as if there is nothing happened. And most of the time employees do not leave all at once; therefore, an internal job shift is employed to fill the most important positions for smooth service provision.

Table 4.5: Responses on Quality of Service Provision

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>50</td>
<td>43.0</td>
<td>43.0</td>
</tr>
<tr>
<td>High</td>
<td>32</td>
<td>27.0</td>
<td>70.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>15</td>
<td>13.0</td>
<td>83.0</td>
</tr>
<tr>
<td>Low</td>
<td>12</td>
<td>10.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Very Low</td>
<td>8</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Study Findings, 2013*
Figure 4.2: Bar Chart shows Responses on Quality of Service Provision

Source: Study Findings, 2013

4.4 Motivation relate with employee turnover among employees

In examine how motivation relates with employee turnover among employees at Spanco Raps Tanzania; it was found that motivation is make employees stay in organization. It always pushes employees out of the company. Low motivation accrued form their jobs had made most of the employees to leave their jobs. The motivation here meant of giving employees the mean values for payment, promotion and recognition

As noted in table 4.6, employees’ motivation was said to be ineffective as it was claimed by 57% of respondents. 23% of respondents said employees’ motivation is moderate, meaning that it has normal or average effect towards employee turnover in the Spaco Rank Company. On the other side 20% of respondents of respondents reported to find employees motivation as most ineffective factor. To them, it has little effect on employee turnover. However, since most of respondents (57%) reported employees’ motivation as in effective, it is generally accepted that employees motivation has contributes a lot in employees’ turnover.
Table 4.6: Responses on Employees Motivation

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ineffective</td>
<td>67</td>
<td>57.0</td>
<td>57.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>27</td>
<td>23.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Most ineffective</td>
<td>23</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.3: Bar Chart Shows Responses on Employees Motivation

Source: Study Findings, 2013

However, examine how motivation relate with employee turnover among employees at Spanco Raps Tanzania, employee Training is very crucial. As noted on table 4.7, the other issue was facilitation on training that; 53% of respondents experienced effective effect of employee training factor. Accordingly, 30% of respondents said it is moderate. But 17% of respondents said it is ineffective.

These results indicate that some of the employees need further training while working. It was said that there is little concern on training provision by management; employees seek company that provide training. While some of the employees need internal training others need external training. Spanco Raps
Tanzania usually provide little internally training and on specific programs. This hampers employees need for education. Therefore most of them seek external training in secondary schools and higher learning institutions. In this case, the company provides permission and normally after serving more than three consecutive years. On the other hand permission depends on the availability of other employees who can fill the position; it becomes very hard to get permission. Based to this situation, employees quit not organization that have little block on training.

Table 4.7: Responses on Employee Training

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>62</td>
<td>53.0</td>
<td>53.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>35</td>
<td>30.0</td>
<td>83.0</td>
</tr>
<tr>
<td>Ineffective</td>
<td>20</td>
<td>17.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.4: Bar Chart shows Responses on Employee Training

Source: Study Findings, 2013
4.5 Pay system relate with employee turnover among employees

In examine how pay system relate with employee turnover among employees at Spanco Raps Tanzania, employees’ wage is very crucial. Wage was stated to become very effective as it is indicated by 90% (see table 4.8) of respondents. 10% said it is moderate and no one reported on ineffectiveness. It is noted that, the overall structure of staffs pay shares most of the pervasive characteristics of public sector pay systems in Tanzania.

The salary scales are often very flat with very small salary increments awarded on the basis of seniority/experience, with little or no link with actual job performance. Consequently, qualification upgrading is the main avenue for career progression and thus higher pay. Almost all employees target on income gaining. Low pay jobs have low job labour competition. Even in the market no one would like to compete for poor pay. Spanco Raps Tanzania pay is based on the government scales. Like in many companies, employees are not satisfied with their salary and wages.

However die to additional income such as overtime and other sources, employees have been continuing to stay in their jobs. But in the case of Spanco Raps Tanzania some jobs do not provide extra income compared to other sector, the reason that demands employees to seek other good jobs. The factor therefore is said to have higher impact on labour turnover in the council.

Table 4.8: Responses on Wage Status

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>105</td>
<td>90.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>12</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013
4.6 Relationship between labour turnover and Productivity

In establishing Relationship between labour turnover and Productivity, respondents said that at Spanco Raps Tanzania productivity is mostly affected by labour turnover occurrences. With the presence of employees’ turnover, experienced staff and most capable staffs tend to quit. When this takes place, some of the activities or programs cannot be accomplished, and thus affecting general output of the council. 80% of respondents reported that effects on productivity is high, where as 13% of respondents said it is normal and 7% of respondents said it is low.

Table 4.9: Responses on Relationship between labour turnover and Productivity

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>94</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Normal</td>
<td>15</td>
<td>13.0</td>
<td>93.0</td>
</tr>
<tr>
<td>Low</td>
<td>8</td>
<td>7.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013
Figure 4.6: Bar Chart on Relationship between labour turnover and Productivity

![Bar Chart on Relationship between labour turnover and Productivity](image)

Source: Study Findings, 2013

However, in assessing relationship between labour turnover and Productivity, employees’, job characteristics is very crucial. While some of the jobs were seen as superior, some of them were detected as inferior within the company. Most of employees who are in the said ‘inferior’ positions lead in job turnover. However, the rate of leaving job because of this factor is almost moderate.

Job characteristics have average effect on job turnover. 30% of respondents reported that employees leave job due to this factor against 13% of respondents who view this factor is ineffective. Although, job characteristics have average effect on labour turnover, it was discovered their effects depends on the nature of job content. For instance some of the inferior jobs have better working environment compared to superior positions as per employee thinking. Nevertheless, 57% of respondents observed that this factor is moderate and therefore has normal effect (See table 4.10).
Table 4.10: Responses on Job Characteristics

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>35</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>67</td>
<td>57.0</td>
<td>87.0</td>
</tr>
<tr>
<td>Ineffective</td>
<td>15</td>
<td>13.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source:* Study Findings, 2013

Figure 4.7: Bar Chart shows responses on Job Characteristics

Source: Study Findings, 2013

Notably, in assessing relationship between labour turnover and productivity, employees’, Employee Commitment is very crucial. As noted on table 4.11, 73% of respondents said that employee commitment is ineffective. According to them, employees are always committed to their respective jobs. Thus, it has little effect on job turnover. Instead labour turnover is caused by other issues rather than this one. This is true to some extent as it is evidenced by a small percentage of respondents who said that the factor is effective. At least 10% of respondents said employee commitment is effective. 17% of respondents reported that the factor is moderate; it
has average effect on labour turnover. Substantially, the effect plays a little role in this respect.

**Table 4.11: Responses on Employee Commitment**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>12</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>20</td>
<td>17.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Ineffective</td>
<td>85</td>
<td>73.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Study Findings, 2013*

Moreover, in assessing relationship between labour turnover and productivity, employees’ Company’s Commitment is among of them. Difference to employee commitment, company’s commitment requires the organizations to show a concern to its employees in accordance to contract entered plus considerations as per environment dictation. As noted in table 4.12, company’s commitment is effective towards labour turnover. Reluctance, negligence and poor concern to employees
stimulate higher rate for labour turnover at Spanco Raps Tanzania. 70% of respondents reported that the factor is effective where as 20% of them said it is moderate whilst 10% detailed it as ineffective.

Table 4.12: Response on Company’s Commitment

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>82</td>
<td>70.0</td>
<td>70.0</td>
</tr>
<tr>
<td>Moderate</td>
<td>23</td>
<td>20.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Ineffective</td>
<td>12</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>117</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Study Findings, 2013

Figure 4.9: Bar Chart shows on Response on Company’s Commitment

Source: Study Findings, 2013
4.7 Discussion of the study

The discussion is very important to a researcher since it approves or disapproves the research questions which were set forward for verification in the field. The researcher discusses that; the findings shows that over 75% of the respondents were never notified with the working conditions of the work. They also described the pay perks were noted to be below the industry’s average and therefore could not match the work they did, permanent staffs are paid 270,000 per month and part time 150,000/=shs per month.

This remuneration does not meet their basic needs and therefore lived on debts. However, another reason given for poor working condition was the fact that employees had no choice of the shift they wanted to work and the supervisors were cruel to them. These made the work of the employee stressful.

Only a small fraction of 25%, who were in the management, indicated that their salaries were enough. There had been no salary increment for a long time and even where it was received, it was very little.

The behavior and attitude of both management and employees were found to play a role in employee turnover. When asked their view on movement from one establishment to another, 66 (60.6%) of the respondents indicated that it did indeed contribute to career advancement. Majority of the respondents simply said “movement is everything in the service industry if you are to develop your career”. Actually many of the respondents had moved to higher ranks in their current employment by moving from other establishments where they were at lower ranks.

This agrees with Brush (2000) who had observed a similar scenario in Philippines where women attributed their low career attainment to lack of worker mobility between different employers. With such an attitude among employees, establishments was find it difficult to curb labour movement, unless clear career paths and pre conditions that are objectively applied and facilitated are put in place.
According to Gupta and Shaw (2001) their findings concurred that: pay is the most critical outcome of organizational membership for employees to stay on. Respondents described their salaries as poor, a pointer to their dissatisfaction with the employers therefore constantly looking for greener pastures. The unconducive work conditions resulted to the employees developing work related stress and reduced employees’ organizational Commitment.

Notably, the majority of Managers and employee respondents indicated that the loss of a key employee would adversely impact business productivity. Both groups reported that key employees have primary roles and responsibilities within the business that collectively forms a work team accountable for the day to day running of the business. Respondents reported that key employees and their designated roles and responsibilities are coexistent and that key employees often provide a fundamental Intermediary function between different areas of the business.

Also, manager respondents reported the potential need to take on additional duties left. Unattended by the departing employee he majority of owner manager respondents reported that following the departure of a key employee is the requirement to find a quality replacement which in some cases was identified as a difficult task.

Moreover, manager respondents reflected on the time and financial costs associated with the process of recruiting and selecting an employee to replace a key employee. Subsequent to the recruitment and selection process, Manager Respondents reported on the significant training costs necessary to develop a replacement employee to a desired level of competency.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction
This chapter provides the conclusion, recommendations and area for further research that emanating from the findings of the study:

5.1 Summary of the study
Chapter one entails background to the problems as the study assesses the impact of employees’ turnover rate on organizational performance. Notably, it entails statement of the problem as employee turnover become an obstacle in an organizations, effort in providing services.

It is among of the issues which demand after budget when occurs; it leads to the deterioration of rapport and trust, lead to increased client dissatisfaction with services industry. The chapter one also entails research questions, and significance of the study as well as limitation of the study and Organization of the Dissertation.

Chapter two involves theoretical literature review, empirical Literature review, research gap and conceptual frame work.

Chapter three presents the study area, research design, the sample, sampling technique, nature as well as sources of data collection and data analysis techniques.

Chapter four entails research findings, analysis and discussion as it explains the background characteristics of respondents while analysis in the response of the research objectives and explains discussion of the study findings. From the study findings it has been revealed that, most of the respondents said employees in Spanco Raps Tanzania are regularly quitting from job, it seems at Spanco Raps Tanzania there is high labor turnover.

The situation is supported by the location of the Spanco Raps Tanzania where there are many companies that pull employees out of their current company. This is
facilitated by better working environment and motives. However, most of the respondents said quality of service provision is moderate. In examine how motivation relates with employee turnover among employees at Spanco Raps Tanzania; it was found that motivation is make employees stay in organization. It always pushes employees out of the company. Low motivation accrued from their jobs had made most of the employees to leave their jobs.

The motivation here meant of giving employees the mean values for payment, promotion and recognition. On employees’ motivation, most of the respondents was said to be ineffective as it was effect towards employee turnover in the Spaco Rank Company. In examine motivation, employee training is very crucial. Most of the respondents, employees training at Spanco Rank Tanzania said it is moderate. Employees seek company that provides training.

In examine pay system; employees’ wage is very crucial. Wage was stated to become very effective as most of respondents indicated. Spanco Raps Tanzania pay is based on the government scales. Like in many companies, employees are not satisfied with their salary and wages. However die to additional income such as overtime and other sources, employees have been continuing to stay in their jobs. But in the case of Spanco Raps Tanzania some jobs do not provide extra income compared to other sector, the reason that demands employees to seek other good jobs.

Also, in establishing relationship between labour turnover and Productivity, most of respondents said that at Spanco Raps Tanzania productivity is mostly affected by labour turnover occurrences. With the presence of employees’ turnover, experienced staff and most capable staffs tend to quit. When this takes place, some of the activities or programs cannot be accomplished, and thus affecting general output of the company.

Therefore, chapter five entails discussion of the study and chapter six entails the summary of the research, conclusion, recommendations and area for further research that emanating from the findings of the study.
5.2 Conclusion

This study concluded according to the research objectives: In the general objective, it is concluded that; Spanco Rank should facilitated by better working environment and motives i.e. employees’ turnover apart from its cost implication can be disastrous, if not controlled. It has its consequences apart from its cost implication of recruiting new staff and hiring replacements. An aggrieved departing staff can put employer at bad light and lure other employees out of the organization.

This additional turnover caused by departing staff can result to difficulty in employing good employee. Controlled turnover can be healthy as it clears dead wood and brings new blood and fresh ideas and approaches to the organization. Labour turnover can be a driver to organizational renewal. Although high turnover rate is expensive and disastrous, low rate can be cost saving. Controlled turnover can enable an organization eliminate poor performances, unmotivated workers and people who are difficult to get along with. As per this study Employee turnover has been proven from the study conducted to have a significant relationship with performance of the organization in terms of customer complaints.

It was revealed that it contributes to about 54% of Airtel- Spanco in terms of customer complaints whilst other factors such as poor management policies, employee personal problems and others contribute about 46%.

However, on specific objective one, it is concluded that; employees need motivation such as training. It is noted that, employees seek company that provide training. While some of the employees need internal training others need external training. Spanco Raps Tanzania usually provide little internally training and on specific programs. This hampers employees need for education.

Therefore most of them seek external training in secondary schools and higher learning institutions. In this case, the company provides permission and normally after serving more than three consecutive years. On the other hand permission depends on the availability of other employees who can fill the position; it becomes
very hard to get permission. Based to this situation, employees quit not organization that have little block on training.

Notably, on specific objective two, it is concluded; employees’ wage is very crucial. Wage was stated to become very effective as most of respondents indicated. Spanco Raps Tanzania pay is based on the government scales. Like in many companies, employees are not satisfied with their salary and wages. However die to additional income such as overtime and other sources, employees have been continuing to stay in their jobs. But in the case of Spanco Raps Tanzania some jobs do not provide extra income compared to other sector, the reason that demands employees to seek other good jobs.

Moreover, on specific objective three, it is concluded; Spanco Raps Tanzania productivity is mostly affected by labour turnover occurrences. With the presence of employees’ turnover, experienced staff and most capable staffs tend to quit. When this takes place, some of the activities or programs cannot be accomplished, and thus affecting general output of the company.

5.3 Recommendations
This study recommended the following:

5.3.1 Spanco Raps Tanzania management should avoid employee turnover or reduce its impact on the organizational performance i.e. Organizations’ management has to consider all the causes and co relations of employee turnover. It is also recommended that several strategies should follow in order to avoid employee turnover and reduce its impact on the sustainable growth of the Organization. This actually proves that the Spanco management needs to find all possible means to maintain their existing employees in order to continue the relationship they had already established with customers.

5.3.2 Though there are various ways by which management of Spanco can get employees to be loyal to the organization, but what is most important is that Spanco Raps need to encourage open door policy so that their employees can
put before them what management need to do in order for them to get motivated in rendering excellent services to customers.

5.3.3 The basic specification of the turnover model examined the effect of various factors, including company size, on the probability that an individual who was employed at the beginning of a time period was no longer employed by the same employer at the end of the time period. This behavior is captured in the binary variable LEAVE. In cases where the TENURE variable decreased from the previous observation the researcher assumed that the individual had left his or her previous position. The researcher then lagged the variable to compare characteristics of the job that the employee left.

5.3.4 In addition to the basic model, the researcher estimated a number of alternative specifications. The company data offered a unique alternative data source for examining the impact of company size on employee turnover (i.e., observations from the employee viewpoint). The data do not provide a true-pooled time-series, cross-sectional sample. The researcher observed employment actions at a number of points in individuals’ careers. However, all individuals observed are of approximately the same age.

Therefore, the experiences of older, more experienced workers will be drawn exclusively from the most recently observed years, while those of younger workers are from earlier time periods. Accordingly, shifts in overall employment patterns (e.g., a trend toward more frequent turnover) across time are incorrectly attributed to variables like age or years of experience. Also, the dataset does not offer a way to include the age of the employees as a variable. Since the company usually grows as they are age, Employees age is usually correlated with company’s size. The risk of failure is also correlated with company size; the companies usually have more reserve resources available with which to weather a recession or other downturn.

5.3.5 The first stage of the model requires that the researcher estimate an attrition model to determine the effect of the independent variables, with emphasis on
the effects of the establishment size variable (EMPLOC) on the dependent stay/leave decision variable (LEAVE). While several variables exert a strong influence on the stay/leave decision—age, marital status, benefits, unionized workplace, length of tenure, college completion, and the dummy variable for the professional were all significant—the coefficient on establishment size (EMPLOC) was not significant.

5.3.6 Moreover, the effects of several of the explanatory variables were not in the hypothesized direction. The researcher would expect older workers and those who are married to be less likely to leave jobs, but the regression results show just the opposite effects. The probability of turnover increases by about 3 percent for each additional year of age and married individuals are 22 percent more likely to leave their jobs than otherwise identical single workers. Tenure and unionized workplace both exhibited the expected negative impact on job turnover. The effect of tenure is especially large; each additional year of tenure in the present job reduces the probability of turnover by 81 percent.

5.4 Area for further research
The study concluded by relating employee turnover contribution to about 55% of performance of Spanco Raps. It recommended that since it is not the only variable that contributes to increase in customer complains, further research needs to be conducted to find out what are the exact factors that contribute to the 45% of performance in Airtel-Spanco call centre performance.
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APPENDICES

Appendix I: Questionnaire for Managers

1. For how long have you been working with the customer service industry?
   i. Below 1 year
   ii. Between 2 - 5 years
   iii. Above 8 years

2. Does benefit packages enhance performances?
   i. Yes (            )
   ii. No   (            )

3. If Yes; to what extent?
   i. Minimal
   ii. Very much
   iii. Not at all

4. If No, why?
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5. What is your profession?
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6. Have you attended any course/training?
   i. Yes (            )
   ii. No   (            )
7. If yes, which course/training?

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8. If yes, was that training/course relevant to the work that you are doing?

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9. To what extent did the course/training attended helped you work efficiently?
   i. Minimal
   ii. Very Much
   iii. Not at all

10. In reference to question 8, if no, why not attended any course/training?

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11. Do you get enough equipments and facilities for workers under reforms?

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12. Are those equipments/facilities helping you in improving performance?

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13. If Yes, to what extent?
   i. Minimal
   ii. Very Much
   iii. Not at all

14. In what areas have you improved in terms of working condition?

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15. Is there any improvement in performance?

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16. If Yes, to what extent
   i. Minimal
   ii. Very Much
   iii. Not at all
17. If no, why?

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Appendix II: Questionnaire for Workers

1. For how long have you been working with customer service industry?
   i. Below 1 year
   ii. Between 2 - 5 years
   iii. Above 8 years

2. Does training policy enhance performances?
   i. Yes (  )
   ii. No (  )

3. If Yes; to what extent?
   i. Minimal
   ii. Very much
   iii. Not at all

4. If No, why?

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5. Does training follow the requirements of the organization in improving performance?
   i. Yes (  )
   ii. No (  )

6. If Yes, to what extent?
   i. Minimal
   ii. Very Much
   iii. Not at all
7. What is your profession?

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8. Have you attended any course/training?

iii. Yes ( )

iv. No ( )

9. If yes, was that training relevant to the work that you are doing?

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10. If yes, to what extent did the course/training attended helped you work efficiently?

i. Minimal

ii. Very Much

iii. Not at all

11. In reference to question 8, if no, why not attended any course/training?

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12. In terms of working conditions is there any improvement after reforms?

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13. If Yes, in what areas?

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14. Before reforms, was there enough equipment for work?
   i. Yes (   )
   ii. No (    )

15. If yes, how did they assist you in work?

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16. If no, why?

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17. In terms of remuneration package, are there any changes after reforms?
   i. Yes (   )
   ii. No (    )

18. If Yes, in what areas?
19. In terms of incentives Allowances, leave allowances, funeral allowances, enough salary, transport/transport allowances, medical allowances; were there available before reforms?

20. In reference to question 19, are those incentives given now?

21. If No, why?