

**IMPACTS OF VOLUNTARY LABOUR TURNOVER ON
PRODUCTION IN TOBACCO INDUSTRY IN TANZANIA:
EVIDENCE FROM ALLIANCE ONE TOBACCO
TANZANIA LIMITED**

By

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**A Report Submitted in Partial/Fulfillment of the Requirements for Award of the
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DECLARATION & COPYRIGHT

I, **Emmanuel Tumbo Flavian**, declare that this paper is my own original work and that it has not been presented for similar degree in any other university.

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LIST OF ABBREVIATIONS AND ACRONYMS

i

AOTTL- Alliance One Tobacco Tanzania Limited

CIPD- Chartered Institute of People Development

HR - Human Resources

HRM- Human Resources Management

PEO - Professional Employer Organization

USA-United States of America

ABSTRACT

Production is a very important issue for an industry or organization. There are several factors on which production of an organization mostly depends upon. Employee's voluntary turnover is one of them which are considered to be one of the challenging issues in business now days. The impact of voluntary turnover has received considerable attention by senior management, human resources professionals and industrial psychologists. It has proven to be one of the most costly and seemingly intractable human resources challenges confronting by several organizations globally.

Voluntary labour turnover is a costly problem and an economic drain to Tobacco Industries, costs Tobacco Industries in Tanzania huge sum of money in recruiting and training replacements. Alliance Tobacco Tanzania Limited has incurred costs on recruitment and training new employees, work disruption, increased scrap and overtime as a result of departed workers for the past four years while they have the task to increase government revenue and developing social activities through tobacco productions.

This research study focused on Alliance Tobacco Tanzania Limited, Voluntary Turnover and its main objective is to assess the factors (Psychological, Economic and Demographic factors) that contribute to labour voluntary turnover on production in Tobacco Industry in Tanzania. The study was able to find out the causes of labour voluntary turnover and effect of labour voluntary turnover on production to Alliance One Tobacco Limited. Key models and theories from the literature of labor turnover were presented.

The study used a sample size of 43 out the total population of 327. Purposeful sampling in this study used to select the key respondents while Stratified random sampling used to select the main respondents. The study used interview schedule and questionnaires to collect data; they will be administered to the key and main respondents at their offices.

Data analyzed using frequency distribution tables and analysis will be done to identifies the key factors of labor turnover and its intent to leave the organization and also the results will be revealed to prove that, labor turnover have a direct impact to production.

Keywords: Labor turnover; Voluntary Turnover, Psychological Factors, Economic Factors, Demographic Factors and Production Turnover Costs.

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CHAPTER ONE

BACKGROUD OF THE STUDY

1.0 Introduction

This chapter undertakes a background of the study, Statement of the problem, Research objectives and Research questions, Significance of the study and the scope of the study.

1.1 Background of the study

Today's competitive business world, it is considered to be an important task to manage employees' turnover for any organization. Naturally people want diversities in his or her everyday life seeks for new and challenging jobs and good working environment in job place. To provide these things to the employees in an economic way is very difficult and cumbersome. But it is also crucial for any organization to retain its talented employees. Every organization wishes to have high production, few turnovers and to be profitable. Labour turnover refers to the movement of employees in and out of the organization. However, the term is commonly used to refer only to "wastage" or the number of employees leaving. High levels of turnover can be serious problems for both large and small organizations. It is costly, lowers productivity and morale and tends to get worse if not dealt with (Cole, 1998).

Labor turnover measures the movement of workers in and out of employment with a particular firm. Consequently, concern with the issue and interest in measuring such movement only arose when working for an employer (rather than self-employment in craft or agricultural production) became the norm. The rise of large scale firms in the late nineteenth century and the decreasing importance (in percentage terms) of agricultural employment meant that a growing number of workers were employed by firms. It was only in this context that interest in measuring labor turnover and understanding its causes began (Ruby 2002).

In the U.S, for the period of December 2000 to November 2008, the average total non-seasonally adjusted monthly turnover rate was 3.3%. However rates vary widely when compared over different periods of time or different job sectors. For instance, during the period 2001-2006, the annual turnover rate for all industry sectors averaged 39.6% before seasonal adjustments, during the same period the leisure and hospitality sector experienced an average annual rate of 74.6% (Bureau of Labour statistics, 2008).

This corroborates the findings of Joseph (1972) which indicated that labour turnover cost in American industry 11 billion dollar a year. The figure includes items such as recruitment, hiring and training of replacements.

Switzerland around 300'000 employees are yearly changing their job (Henneberger & Sousa-Poza 2007).

Disaggregated by industry, the results showed that the turnover rate is particularly high in the “hotel and restaurant industry” as well in the area of “real estate, renting, information technology”. The lowest rate is registered in “public industry” (Henneberger & Sousa-Poza 2007).

In Tanzania, it is very important to manage voluntary turnover for both government and non-government sectors. In government sectors, although some fringe benefits are given to the employees regularly do not satisfy them sufficiently. In private sectors, though salary and benefits are high, security of job is low. Due to this reasons turnover rate in private sectors are higher than public sectors. Very few researches have been conducted in relation to voluntary turnover in Tanzania. The owners of the business organizations do not concentrate on this important issue because of lack of awareness. They have little idea about how detrimental the effect of voluntary turnover is into the production of their organizations.

Tobacco industry has of late emerged as one of the main sources of government revenue among total traditional exports and this comes after the government took decisive measures since 2009 to increase tobacco productions in Tanzania and also the government given the industry major role of play in poverty alleviation whilst remain focused on health, education and environmental development issues. The industry last year contracted almost 100,000 farmers' allover Tanzania and employed about 10,000 employees in terms of permanent and seasonal basis (Administration-staff, 2013).

Staff turnover in Tobacco Industry is a critical ongoing concern for managers and HR specialists across the sector. Unless managed effectively, persistent and frequent turnover of staff have significant tangible and intangible costs to a team, a program and an organizations.

Human resources (employees) are one of the most valuable resources of an organization and indeed an organization is nothing without human resources. Getting and keeping good people is critical to the success of every organization. Many companies are increasingly finding it difficult to retain employees and turnover is becoming serious problem in today's corporate performance of an organization.

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in their organization. Therefore, managers at all costs must minimize employee's turnover. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover (Kevin, 2004). Therefore, there is need to develop a fuller understanding of the employee turnover, more especially, the sources- what determines employee turnover, effects and strategies that managers can put in place minimize turnover.

1.2 Statement of the problem

Tobacco industry is one of the main sources of government revenues and plays a big role in poverty alleviation, health, education and environment development. Alliance Tobacco Tanzania Limited is one of the players in the Tobacco industry offering around 290 permanent jobs and more than 2500 seasonal jobs. The most hidden factor that affects production in tobacco industry is voluntary labour turnover which results to increase costs of recruitments and trainings, increasing overtimes and scraps, low morale form the employees and create bad company image and tends to get worse if not dealt with it. .

The company's permanent jobs has been experiencing some level of voluntary turnover from time to time since 2009 as shown by the data in appendix 2, which may have some impact on the organization's production.

It is on the basis above premise that this study was based on assessed the exact causes of labour voluntary turnover, its effect to the production and providing strategies to minimize labour voluntary turnover at Alliance One Tobacco Tanzania Limited.

1.3 Research Objectives

The objectives of this research summarized what was achieved by the study. The general objective of this study stated what researchers expect to achieve by the study in general terms and Specific objectives was systematically address the various research questions.

1.3.1 General Objective

The broad objective of this study was to assess the impacts of voluntary labor turnover on production in tobacco industry in Tanzania, specifically at AOTTTL.

1.3.2 Specific Objectives

Specifically the study was seeking to:

- (i) Identify factors that leads to voluntary labor turnover on production in Alliance One Tanzania Tobacco Limited;
- (ii) Identify the effects of labor voluntary turnover on production in Alliance Tanzania Tobacco Limited; and
- (iii) Determine efforts and strategies that can be used to minimize labour voluntary turnovers in Tobacco industries in Tanzania, Alliance One in particular.

1.4 Research Questions

- (i) What are the factors leads to labor voluntary turnover on production in Alliance One Tanzania Tobacco Limited?
- (ii) What are effects of labor voluntary turnover on production in Alliance One Tanzania Limited?
- (iii) What efforts and strategies can be used to minimize labour voluntary turnovers in Tobacco industries in Tanzania, Alliance One in particular?

1.5 Significance of the Study

The significance of this study was tailored towards the evaluation, analysis and addition to the current existing body of knowledge. It would assist the human resource managers in capturing adverse factors contributing to labour voluntary turnover and its effect which could halt their organization's effectiveness and efficiency. Knowing costs effect of an unchecked labour voluntary turnover on the organization productivity, this study would help HR managers on other logical steps to influence against employee turnover. The

recommendations will be used to in helping organizations not just in the Tobacco sector but as well other sector of the economy. By using this study different organizations can be aware of the factor contributing to labour voluntary turnover and reduce the rate of labour voluntary turnover while increase their productivity and profitability.

1.6 Scope of the Study

In the Literature, the variables that influence the turnover of the employees in an organization are vast. Since human resource management was also a socially complex process which was intertwined with array of organizational factors, it further diversifies the reasons as to why employees leave their organizations which also affect the productivity. Thus, this study was focused only on factors for labour voluntary turnover (psychological, Economic and Demographic factors), retention action employed by the organization and effects of labour voluntary turnover to the productivity. The study was limiting itself to the case of Alliance One Tobacco Tanzania Limited due to the time frame limitation.

1.7 Structure of the report

There are five chapters in this research report, namely, chapter one which is the introduction, background of the information, research problem and context as well as the significance of this research. Chapter two deals with the literature review, conceptual model and it focuses mainly on the theoretical aspect of the study relating to employee voluntary turnover and its effect on production costs. Research methodology is covered in chapter three and research results and discussion are provided in chapter four. Lastly, it is the conclusions and recommendations with regard to impact of voluntary turnover, its effect on production costs and retentions strategies that may be utilized so as to encourage staff to stay in Tobacco Industries and minimize the voluntary turnover rate.

This research was basically divided into three main areas;

- (i) The first part was literature review used. Besides, the literature review was assist to identify factors affecting labour turnover to production, effect of labour turnover to production and strategies to minimize the employee turnover. A model was developed to understand the variables.
- (ii) Once the framework was done, a questionnaire was created to understand the labour turnover and its effects to production. This questionnaire was then distributed for

results. It was presented the factors contributing to labour turnover and its impact to production in the real working environment.

(iii)The third part of the research was analyzed once the collected result of the questionnaire comes with scientifically conclusion and reasons. After that, researcher was identifying some strategies in order to make the situation become more favorable to the organization.

1.8 Research Limitations

This study was a cross-sectional study due to the data being collected at a single point in time.

Also Time was among limitation which the researcher faced because after course work the researcher returned to the employer to continue working. As a result, the researcher had to reduce the number of industries which were to be researched on.

Most of the work of this paper is obviously theoretical but a complete mathematical model to measure this turnover rate can be done in future research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter includes theoretical literature review, empirical literature review and conceptual framework to assessing the determinant causes of labor voluntary turnover and its impact to production. This study deals with the intentions to stay or leave the organization, the reasons as to why the employees will leave or stay, and how the action of leave or stay affect the production cost of the organization. Also focuses on the strategies for reducing voluntary staff turnover in organization as part of saving costs on production.

2.1 Definition of key terms

Employee

Employee is a valuable asset for any type of organizations. We can define him/her as an individual who performs certain tasks and duties to accomplish organizational goals and against his services he must get some monetary reward in the shape of pre-defined monthly salary (Price, 2001).

Turnover

Turnover is defined as the “individual movement across the membership boundary of an organization” (Price, 2001). The concept “individual” refers to the employees within an organization and the notion of movement can be interpreted either as an accession or a separation of the company. In turnover literature, authors also used other labels for turnover, such as quits, attrition, exits, mobility, migration or succession. A crude measurement of turnover would be (Morrell, 2001):

Leavers in year

$$\frac{\text{Leavers in year}}{\text{Average number of employees during year}} \times 100$$

However, this measurement of turnover is rarely used, since it fails to distinguish between cases where individuals have decided to leave and cases where they had to leave, as well as ignoring the reasons why they leave is important to consider (Morrell, 2001).

Voluntariness

Practitioners can differentiate between instances of voluntary turnover, initiated at the choice of the employee, and those involuntary instances where the employees have no choice in their termination (such as long term sickness, death, moving overseas or employer-initiated termination).

Since turnover is often associated with variables, such as job satisfaction, it is important to distinguish voluntary from involuntary turnover, otherwise the estimation of such a relationship in terms of all leavers will be inaccurate. Most of the researches' attention was concentrated on the members, which voluntarily leave the organization, since most of the turnovers are voluntary and subject to control by managers (e.g. Morrell et al., 2001/Price, 2001). Managers focus their attention on a phenomenon capable of some degree of control. A wide range of determinants have been found useful when it comes to interpreting voluntary turnover. It is known that a high amount of voluntary turnover adversely affects organization production.

- (i) Voluntary turnover is voluntary cessation of membership of an organization by an employee of that organization.”(Morrell et al., 2001)
- (ii) Involuntary turnover is movement across the membership boundary of an organization, which is not initiated by the employee.” (Price,1977)

Turnover Intent

Unlike actual turnover, turnover intent is not explicit. Intentions are a statement about a specific behavior of interest (Berndt, 1981). Turnover intent is defined as the reflection of “the (subjective) probability that an individual will change his or her job within a certain time period” Sousa-Poza & Henneberger (2002) and is an immediate precursor to actual turnover. A broad range of literature examining the relationship of turnover intent and actual turnover (Mobley, 1977 & Hom & Griffeth 1991) exists. Actual intention and turnover intention have been measured separately; however, actual turnover is expected to increase as the intention increases. The results of the different studies provide support for the high significance of turnover intention in investigating the individual's turnover behavior. Turnover intention captures the individual's perception and evaluation of job alternatives (Mobley, 1979).

Cost of Labour Turnover to production

High labour turnover can be expensive and affects cost of production although the actual costs are difficult to get some indications; organizations can start by adding up the most obvious expenses those of advertising, recruitment and training together with the cost of associated management and supervisory time. The annual total could well convince the organization that time and effort spent reducing labour turnover is cost effective (Saleemi, 2005).

When accounting for the costs (both real costs, such as time taken to select and recruit a replacement, and also opportunity costs, such as lost productivity), the cost of employee turnover to for-profit organizations has been estimated to be up to 150% of the employee remuneration package. There are both direct and indirect costs. Direct costs relate to the leaving costs, replacement costs and transition costs, and indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale.

2.2 Consequences of Turnover

The purpose of this is to discuss the different consequences of turnover and to point out turnover as a crucial organizational issue. Although turnover may also bring positive consequences for instance the reallocation of organizational resources (Sommers, 1995), this study's focus will be on negative consequences of turnover. Four important negative consequences, which have an impact on organizational effectiveness, will be discussed below: the impact on organizational cost, operational disruption and demoralization of organizational membership.

2.2.1 The Impact of Turnover on Organizational Cost

Organizational efficiency has been shown to be highly correlated with a low turnover rate. Studies dealing with the impact of turnover are dominated by a concern with organizational effectiveness, which is defined "as the extent, to which the system achieves its goals" (Price, 1977). The financial impact of turnover is usually expressed in monetary terms. Cascio in 1991 made the most significant contribution in this respect, discussing the extent to which turnover cost are important (Tziner & Birati, 1996). Additionally, several other studies extended Cascio's list with further categories. According to Tziner and Birati's, (1996) they argued that Cascio neglects to discuss the distinction between functional and dysfunctional turnover, namely the "cost of the reduced productivity of the new worker during the period required for the level of performance of the previous employee to be

reached” (Tziner, 1996). If bad performers choose to leave, this could carry beneficial outcomes for the organization. However, if it is a dysfunctional turnover, then the loss of an esteemed employee can engender a loss of productivity. Another category is named the “vacancy costs” that refers to the expenses that incurred due to increased overtime or temporary workers that are employed to complete the tasks of the vacant position.

2.2.2 Operational Disruption

Operational disruption occurs when high interdependence of work roles within the company exists. The loss of key members in an organization which is characterized as being highly interdependent and specialized can influence the ability of other remaining members to fulfill their work task. In some companies higher turnover rate is expected to find in lower hierarchy levels. Replacing these positions is not that difficult for the organization. The author argued that “the higher the level of position to be filled the greater the potential for disruption” (Sommers, 1995). This problem can be solved with back up personnel or employees can be trained with multiplicity skills (Sommers, 1995).

2.2.3 Demoralization of Organizational Membership

The demoralization of organizational membership refers to the impact of turnover on attitudes of the remaining members. If a person decided to leave for an alternative position in an external environment, it may provoke a reflective sentiment with remaining members, such as questioning their own motivation to stay in the organization. Thus turnover can cause additional turnover by stimulating deterioration in attitudes towards the organization (Sommers, 1995).

The perceived reason of leaving is one essential factor for demoralization of organizational membership. If the reason for quitting is a non-organizational matter, such as family issues or location change, then the feeling of demoralization is less existent. Yet if the reason is rather dependent on organizational dimensions, such as pay or supervisory support, then it will likely lead to demoralization. “If those who leave are members of a cohesive work group or possess high social status among the organizational membership, then turnover will likely lead to greater demoralization” (Sommers, 1995).

2.3 Determinants of Voluntary labour turnover

Several variables will be categorized into three different groups; psychological, economic and demographical variables. According to Price (2001), economists and psychologists,

who were predominantly involved in the turnover research, focused their interest on different variables. Psychological accounts emphasized the role of individual choice, whereas economic views are focused on the formative role of external influences such as external opportunities (Morrell, 2001).

2.3.1 Psychological determinants

Psychological determinants refer to the employee's mental process and behavior, such as expectations, orientation, job satisfaction, organizational commitment, job involvement or affectivity. Conceptualizing turnover psychologically deals with factors that are influenced by employee's emotions, attitude or perception (Mueller & Price, 1990). The psychological school about turnover process concentrates more on the decision dimension to turnover. Some perspectives of the economist appear in the psychological model, but are usually conceptualized in other terms. For instance, while pay is one major dimension in the economic school, psychologists stress individual variations in expectations about pay, such as distributed justice or pay satisfaction.

However, the psychological school often includes only those dimensions related to work issues and thus they neglect considering non-work factors as reasons for leaving work (Lee, 1996). Psychological determinants are listed below.

Psychological Contract

A psychological contract refers to "an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party" (Rousseau, 1989 in Farmer & Fedor, 1999). The concept of the psychological contract is based on the insight, that the employees' motivation and the level of their performance have to be maintained by the organization through incentives and rewards (Brinkmann & Stapf, 2005). This give and take relation between organization and the employees is a complicated process about exchange and adjustment, and is made up of manifold and reciprocal expectations. The psychological contract contains all reciprocal yet unexpressed expectation, hopes and wishes of employees or employers and is a not formulated supplementary agreement next to the lawful binding work contract. The foundation of the psychological contract is based on the social exchange theory, which assumes that the human behavior is controlled by individual utility maximization (Brinkmann & Stapf, 2005). Humans strive to maximize benefits and minimize costs. Contract violations can trigger

negative responses, such as lower the employee's contributions, reduced satisfaction or turnover intentions (Farmer & Fedor, 1999).

Job Satisfaction

Job satisfaction is the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values" (Locke, 1969). Job satisfaction was conceived to be one's affective attachment to the job viewed either in its entirety (global satisfaction) or with regard to particular aspects such as leadership. It is conceptualized as an affective and emotional response. Satisfaction is defined as the degree to which employees have a positive affective orientation towards employment by the organization (Price, 1977). Negative affective orientation towards the organization will emerge when employees are dissatisfied. The conformity, predictability and compatibility components of job satisfaction rather refer to the psychological school (Morrell et al., 2001). A dissatisfied employee has more intention to leave the job. Many studies showed empirical evidence that job satisfaction is an important predictor of future mobility (e.g. Mobley, 1977; Hom & Griffeth, 1991). Employees can be dissatisfied through different factors like bad work environment, supervisor's negative behavior, less growth chances or less monetary rewards and etc.

Organizational Commitment

Mowday and Steers (1997) defined commitment "as the relative strength of an individual's identification with and involvement in a particular organization". It is characterized by three factors:

- (i) a strong belief in and an acceptance of the organization's goals and values
- (ii) willingness to exert considerable effort on behalf of the organization
- (iii) and a strong desire to maintain membership in the organization

Commitment can be seen as the loyalty to a social unit, such as organization, the subsystem of an organization or an occupation (Price, 1997). Most research on commitment concentrates on organizations rather than subsystems or occupation. Organizational commitment refers to the employees' psychological attachment to the organization.

Most of the studies argued that affective commitment emerged as the most consistent precursor of turnover intent (e.g. Sommers 1995). Yet it should be noticed that an employee can be simultaneously affectively, continuously and normatively committed to the organization. Some traditional studies argued that organizational commitment develops

from job satisfaction (e.g. Price & Mueller, 1981) and concluded that commitment takes longer to develop and thus is more stable than job satisfaction. However, recent studies (e.g. Currivan, 1999) showed that no significant relationship between organizational commitment and job satisfaction exists. Other factors are in fact attached with organizational commitments that help employee's intent to leave the job. Construction of organization commitment is resulting from its relationship with work related behavior like absenteeism, voluntary employee turnover, job satisfaction, job involvement, performance and supervisor behavior (Somers, 1995). In order to develop the organizational commitment between employees we need to establish an appropriate organizational culture in which everyone is informed about organizational mission. Arthur (1994) suggests that human resources policies must build on commitment instead of control over voluntary turnover and higher productivity. Such high commitment management practices are portrayed by the use of information distribution, problem solving, reducing status difference, job flexibility, team working, and train and develop employees as valuable resource rather than treating them like a disposable factor of production (Wood, 1998).

Job Insecurity

Hesselink et al. defined job insecurity as a "personal concern about the continuity of the job" (Hesselink et al., 1999). Employees can feel insecure even though no reasons for it exist. However, job insecurity is more known concerning the future-uncertainty about a future job development and its possible discontinuity. Hesselink et al. (1999) argued that there are two dimensions that can cause job insecurity: the perceived probability and the perceived severity.

They stated that "the more likely it is that a person will lose his or her job and/or the more severe the consequences of the loss are, the stronger his or her feelings of job insecurity will be" (Hesselink et al., 1999). Job insecurity resulted to be related to decreased work effort, resistance to change and intention to job mobility, hence adversely impact organizational effectiveness (Greenhalgh & Rosenblatt, 1984). The positive correlation between job insecurity and turnover intent is to be expected. Individuals who worried about continuity of employment are likely to seek more secure jobs.

2.3.2 Economic determinants

Economists view the employee's decision, whether he wants to leave or stay, as a result of a rational cost-benefit assessment (Mueller & Price). When rewards to costs ratio of staying

with an organization are equal to the ratio at another place of employment, the employee will decide not to leave the current organization. Economic view analyzes the turnover process with more emphasis on the interplay between externally determined variables such as pay or opportunity (Morrell, 2001)

Pay

Pay is one major component for economists. The dominant proposition which is subject to the economic model is that high pay in their present employment will reduce turnover. According to Mueller and Price (1990), pay is considered as a part of the sanctions system used by the organization to motivate employees to be in compliance with its regulations and rules. The wage payment plays an important role in their current as well as in possible future employment. The lower the salary is in his existent organization, the more an employer will aim to change this situation. Furthermore it is to assume, that better paid employees within the same hierarchy level tend to stay in the organization (Henneberger & Sousa-Poza, 2007). Monetary reward is defined in such a way like cash or equivalent that employee receives against the services from the employer. Monetary has negative effect on voluntary turnover. It helps to raise job satisfaction or organizational commitment and likewise suit to minimize the intent to leave the job.

However, there are well-established literatures concerning motivation (e.g. McGregor 1957) suggesting that for at least some individuals, pay is not the sole motivating factor. It is told that motivation has some link with job choice and that pay will not be the sole criterion used when people decide to choose a job, or when they decide to continue within an existing job.

External Opportunity

External Opportunity refers to the availability of alternative, attractiveness and attainability of employment in the environment. The interaction of supply and demand forces in the economy must be taken into consideration in measuring external opportunity. The availability is mainly about the number of opportunities outside the organization. The attractiveness refers to the pay levels of such opportunities. Last but not least, attainability is defined by the possession of the skills required on the job (Mueller & Price, 1990). Thus numerous higher paid jobs for which a worker is qualified should produce a greater turnover.

Training

The training dimension is relevant for the turnover process and is related to pay and job market components. Many employees increase their productivity by adding new skills to their knowledge and perfecting old ones while on the job (Forrier & Sels, 2003). Thus the relationship between training and turnover intent can be traced back to the Human Capital theory, arguing that the investment on training can increase the quality of an employee (Becker, 1993). This study did not consider distinguishing between the two different types of training, such as general or specific training. However, the amount of training days can indicate the effort of the company to invest in their employees with the intentions to retain them.

Company Size

During the recession phase in the mid-nineties, smaller organizations were confronted with higher turnover rate, whereas bigger organizations were able to keep their employees (Henneberger & Sousa-Poza, 2002). Many people assume that bigger companies pay a higher salary, have more existing promotion opportunity (internal vertical and horizontal mobility) and offer a higher job safety than smaller companies (Henneberger Sousa-Poza, 2002).

2.3.3 Demographic determinants

Demographic variables, also known as personal characteristics, are widely used in turnover research. These variables are seen as social categories for an individual (Price, 1995). Two determinants were examined to have a direct impact on turnover intent, such as tenure and age.

Tenure

Employee tenure is the time period that person spent on the job in organization. It has negative relation with voluntary turnover. When an employee getting older in a company and promoted on senior designation then he/she has less willingness to quit or leave the job. According to Backers (1960) long period of employment increases organizational commitment that reflect maximum investment had made in the company

Many studies included tenure in demographical predictors of turnover (e.g. Cotton and Tuttle, 1986/ Price, 1977/ Hom & Griffeth, 1991). These studies discussed the relationship of turnover and tenure. Tenure reflects specific human capital investments, learning about

job characteristics that can modify the position's attractiveness, as well as periodic labor force attachments (Viscusi, 1980). Individuals with a higher rate of length of service, who leave the organization, are likely to be found disproportionately from among the members with low lengths of service. Increased tenure shows to be strongly related to propensity to remain.

Age

The factor age has been resulted to be negatively correlated with the probability of job turnover intent (e.g. Henneberger & Souza-Poza, 2007). Based on the matching theory, younger people have an experimental stage at the beginning of their professional life. A change is less attractive, since the available time to redeem the costs associated with a job turnover diminishes with age. From several studies this concept comes out that workers also age contribute towards the decision to stay or leave the job. It is crystal clear age has positive relation with organizational commitment and job satisfaction. A mature person has more confidence and patience on the work than younger one.

2.4 Retentions strategies

According to (Chartered Institute of People Development, 2004) suggests that where there is a general turnover problem within the organization, companies often take a historic approach aimed at fully engaging with staff. This may encompass a wide range of measures such as:

- improving recruitment procedures to ensure candidates receive 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 of personal development,
- considering work-life balance issues,
- Keeping pay in line with appropriate markets rates,
- Offering an attractive employee benefits package,
- Creating a present working environment,
- Communicating and consulting effectively with employees.

2.4.1 Understanding Turnover

According to (Dalton, 1987) suggest that differentiate avoidable and unavoidable turnover (from organization point of view) can help organizations to understand voluntary turnover more fully. Avoidable reasons includes employees leaving to find better pay or working conditions elsewhere, problems with the management or leaving for better career opportunities. Unavoidable reasons which is beyond the organization's control include for example, an employee have move because of relocation by a spouse or leaving to fulfill family or caring responsibilities. Another step towards understanding turnover with an organization is to determine whether retention difficulties are caused by internal or external factors. While the role of labour market conditions in causing turnover may preclude the use of the targeted human resources strategies, this information may be useful in analyzing to what extent employer's ability to attract and retain staff, looking outwards at the local labour market cannot be a suitable for understanding what is going on within the organization (Improving Domestic Staff, 2004).

2.4.2 Measuring Turnover

Many researchers suggest that to gain an accurate perspective of internal causes of turnover, it is useful to look both quantitative and qualitative information (Improve Domestic Staff, 2004). To identify underlying reasons for turnover, qualitative information on the reason why employees' haven left is necessary. It is important employers to have understood of their rates of labour turnover and how they affect the organization effectiveness (Chartered Institute of People Development, 2004). Depending of the size of the business, understanding the levels of turnover across occupations, locations and particular groups of employees can help inform a comprehensive retention strategy. By understanding the nature of the turnover problem an organization can decide whether to adopt targeted retention initiatives, for example at particular sites or groups of employees, or to manage overall levels so that there is sufficient labour.

2.4.3 Wastage Rates

Typically, organizations use the crude wastage rate for measuring turnover. This calculates the numbers of leavers in a given period as a percentage of the average number of employees during the same period, organizations often add together the number of employees at the beginning of the period with those employed at the end of the period and divide it by Two(Improving Domestic Staff, 2004).

2.4.4 Exit interviews and Surveys

Organizations typically obtain qualitative information on turnover through interview and surveys. However it is important to appreciate that the reasons people give for their resignations are frequently untrue or only particularly true (Chartered Institute of People Development, 2004). The use of exit interviews are used it is best to conduct them a short time after had direct responsibility for the individual and who will not be involved in future reference writing. Confidentiality should be assured and the purpose of the interview explained (Chartered Institute of People Development, 2004).

Alternative approaches involved the use of confidential attitude surveys which include questions about intention to leave and questionnaires sent to former employees on a confidential basis about six months after their departure.

2.5 Theoretical review of labour Voluntary turnover models

2.5.1 Social Exchange Theory

Social exchange theory is based on the idea that social behavior is the result of an exchange process, whose purpose it is to maximize benefits and minimize costs. The beginnings of this theory can be traced to the studies of Thibaut and Kelley, Homans and Blau (Brinkmann & Stapf, 2005). The exchange can be understood in terms of material and non-material goods, such as the symbols of approval or prestige (Homans, 1961). According to this theory, individuals consider potential reward and risks of social relationships. Further it implies that all human relationships are shaped by using a subjective reward-cost analysis and the comparison of alternatives. Someone who gives much will expect to get at least the same amount back from others and in return persons that receive a lot from others will be under pressure to give much back to them. People will terminate or abandon the relationship as soon as the costs outweigh the benefits (Farmer & Fedor, 1999).

The viability of social exchange theory is based on the assumption that individuals recognize one's life situations and notice each one's needs. It also refers to the principal of reciprocity, whereby privileges granted by one are returned by the other. The interaction between humans will be noticed consciously and in some way reciprocated. The willingness to generate an advance performance will be responded with a payback, either soon or with a time delay (Brinkmann & Stapf, 2005).

2.5.2 Human Capital Theory

The core thesis of human capital theory is that human's learning functions are comparable with other natural resources which are involved in the production process (Becker, 1993). The theory's roots are in the work of Adam Smith or William Petty. Yet it was Gary Becker who extensively developed the human capital theory in 1964. The concept of human capital claims that not all work is equal and that the employees' quality can be increased by investing in them (Becker, 1993). According to Becker (1993), education and training are the most important investment in human capital. Learning capacity is closely related to earning level, thus it can raise a person's income. The earnings of more educated people are mostly above average. The education, experience and skills of a worker have an economic value for employers and for the economy as a whole. It emphasized that effective employees have to be constant learners in order to compete in an increasingly globally competitive enterprise environment. Hence occupational wage differentials refer to the amount of investment in human capital (Henneberger & Sousa-Poza, 2007).

There are two major forms of human capital investment; schooling and on-the-job training. Becker defined a school as an "institution specializing in the production of training" (Becker, 1993), such as university or high school. On-the-job training relates to the increasing productivity of employees by learning new skills and perfecting old ones while on the job (Becker, 1993). It can be distinguished between general and specific training. Training can be seen as general, if the acquired skill can also be used in another company. For example, a doctor trained in one hospital finds his skills also beneficial at other hospitals (Becker, 1993); whereas specific training is defined as "training that has no effect on the productivity of trainees that would be useful in other firms" (Becker, 1993). The development of capability requires both specialization and experience and can be gained partly from schools and partly from companies.

Employees that possess a high amount of company specific training will hardly find alternatives that meet their expectations, such as wages. Based on this theory, it can be assumed that company specific training has an inverse relationship to voluntary turnover intent. The higher the investments are on specific knowledge, the higher the considered transaction costs (Henneberger & Sousa-Poza, 2007).

2.5.3. Search Theory

The search theory can be traced back to George Stigler's analysis how buyers (or sellers) acquire information as an investment. He argued that "a buyer (or a seller) who wishes to ascertain the most favorable price must canvass various sellers (or buyers)" (Stigler, 1961). A special concern in this study is the worker's optimal strategy when choosing from various potential opportunities in the labor market. The individual imperfect knowledge of labor market variables requires the usage of a so called "reservation price" for the search of employment various alternatives (Morrell, 2001). Reservation price is defined as "the lowest salary or wage at which a person will consider accepting a job and can be thought of as a short-hand heuristic which people use to decide whether to accept / reject a job offer in the face of little other information from the labor market" (Holt and David, 1966 in Morrell, 2001). It is seen as endogenously determined, suggesting that it depends on opportunities in the labor market (Morrell, 2001).

For employees, search generates alternative positions or workplace outside the present organization, which can lead to actual turnover. Therefore job search was detected as an important precursor to quitting in several studies (e.g. Mobley et al., 1979). Job search can also lead to the appreciation of one's present job after comparing it with the alternatives (Morrell, 2001).

2.5.4. Matching Theory

Matching Theory describes a process where humans or other organisms "distribute their behavior in relation to the rate of reinforcement for response alternatives" (Mace, 1990). It gives an understanding about the appearance and the termination of a work contract under uncertainty.

Employees strive for those positions which match best with their capabilities that correlate with appropriate wages. Employers tend to fill positions, so that they can maximize their benefit (Henneberger & Sousa-Poza, 2002). Employee's productivity in a particular job is not known in advance but rather appears precisely as the worker's job tenure increases (Jovanovic, 1979). The benevolence of a "match" reveals in the course of the employment relationship. Therefore younger employees launch an experimental stage at the beginning of their professional life, where they gain experiences and diminish lack of information. In this context, job mobility can be understood as a mechanism for correcting matching failures (Henneberger & Sousa-Poza, 2002).

2.5.5 Equity Theory

Equity theory, also known as justice theory, was developed by John Stacey Adams in 1963 and can be categorized in job motivational theory. It proposes that individuals determine whether the distribution of resources is fair to both relational partners (Brinkmann & Stapf, 2005). Justice is existent, when inputs and outputs are fairly distributed among the participants, whereas the impartial criteria of the situation are less important than the way, how individuals estimate the value and the relevance of the inputs and outputs of the different participants (Brinkmann & Stapf, 2005). Thus a highly motivated employee perceives his rewards to be equal to his contributions. He will judge to be treated fairly, when he feels that he is working and being rewarded at about the same rate as his peers. It should be emphasized that factors can affect each person's assessment and perception of their relationship with their relational partners differently; hence every employee does not measure his contributions in the same way. Based on the Equity theory, if an employee perceives the distribution of resources as unfair, then voluntary turnover will emerge.

2.5.6 Organizational Equilibrium Theory

Barnard provided a systematic framework where he discussed human motivations that are involved in the decision to belonging, which is also known as the organizational equilibrium. He argued that "the equilibrium of an organization means the capacity to maintain efficiency of an organization" (Mano, 1994). Organizations are dependent on the continuity of participants' contributions and in order to maintain this, organizations have to offer equitable inducements. Thus Barnard's specific evolution is the decision to participate, in other words "balancing of burdens by satisfactions which results in continuance" (Barnard, 1938).

According to Barnard, if the personal sacrifice is bigger than the inducements he gets, then the person will withdraw his contributions and will leave the company. Simon extended Barnard's theory into the Barnard-Simon Organizational Equilibrium theory, which builds on Barnard's observations. Simon argued that the achievement of organizational equilibrium contains the condition that the sum of contribution of all employees ensures the kinds and quantity of necessary inducements (Mano, 1994). However, he did not consider the functions of the organization, such as the process of creation, transformation or exchange of utilities where Barnard also placed his emphasis (Mano, 1994).

2.6 Empirical Literature Review

In European, the Organization Commission of the European Community Development (OECD) countries report that something like 10 – 15% of workers quite their job every year. Since employment rarely changes by more than 1-2% a year, this means that the movement of workers between jobs is much greater than changes in number of jobs. (OECD Economic Outlook, 1999).

Turnover levels vary between industries and the highest levels of turnover reported (16.8%) are found in private sector organizations. Successive Chattered Institute of Personnel and Development (CIPD) surveys of labor turnover show that the highest levels are typically found in retailing, hotels, catering and leisure call centers and among other lower paid private sector services groups. Turnover stands at 16.4% in voluntary, community and not-for-profit organizations and the public sector has an average turnover rate of 12.6%. (Recruitment, retention and turnover survey, 2009).

Turnover levels also vary from region to region. The highest rates are found where unemployment is lowest and where it is unproblematic for people to secure desirable alternative employment.

The Chattered Institute of Personnel and Development (CIPD) conducted a study in 2005 on staff retention, recruitment and turnover among the United Kingdom's (UK) enterprises. The CIPD study established the following key factors to employees' turnover: Better opportunities outside the organization, Lack of development or carrier opportunities within the organization and Change of career. From the above findings the study recommends, among other things, promotion of employees' within the entity as the measure of retaining employees. The study further suggests that where promotion is not possible, staff should be moved sideways in order to make work more interesting. Again the study conducted by Deloitte (2004) in the USA seeking to establish the reasons why employees' acquisition and retention strategies do not work. The findings in this study indicate that in order to attract and retain talented individuals, companies should seek long term commitment from their employees. This commitment is not earned by monetary incentives because the so called "star staffs" that are in chase of higher offers will be gone as soon as the next offer appears. The study suggests four ways of retaining staffs, Rewarding performance with bonuses, Use

of monitoring mechanism, keeping the current staff happy in order to realize a higher rate of return and providing training to staff.

In addition to that, direct and indirect cost of employees' turnover amounts to (1) year's payments and benefits. Employees' turnover is mostly influenced by salaries, lack of challenge and opportunities, work environment and lack of recognition (Ramlall, 2003). Furthermore, (Mercer, 2004) conducted a study in Australia seeking to identify the importance of retaining staff in an organization. According to Mercer's (2004) findings indicate that the cost of staff turnover ranges between 50 and 150 per cent of the annual salary.

According to Harvard University study reports that 80% of employee turnover can be attributed to mistakes made during the hiring process. The implications of this are huge: up to 80% of the turnover can be blamed on hiring mistakes. The problem lies in the employee selection process. Simply put the wrong people are being hired for the wrong jobs.

According to Makule, (1998) research on "The impact of promotion policy over civil servants performance' a case study of Prime Minister Office in DSM", he conclude that most government departments and offices as well as the Prime Minister's office fail to achieve their desire objective because civil servants are not retain to render better services and result to high labour turnover. He also noted that seniority and merits are used as the basis for promotion also creates opportunities to labour turnover.

According to Ishengoma, (2007) observed that in higher learning institutions, a good number of academic staff is tempted to drift to green pastures. The study recommends that in order to avert the serious problem of non – retention of academic staff, the government needs to improve their remunerations as well as their working conditions. Ishengoma (2007) identifies the push and pull factors that negatively affect the retention of academic staff. Push factors include, low remuneration; poor working conditions; restricted professional and career development; and lack of technology and working tools for professional tasks. The pull factors include better remuneration and good working conditions elsewhere.

Among the development challenges in the employment instability in Sub-Sahara Africa, Tanzania in Particular relates to the highest level of labor market advancement in early

1990s. Tobacco processing industry is not isolated from this and not far from mining industries in staff mobility's. AOTTTL is among the three Tanzania Processing industries.

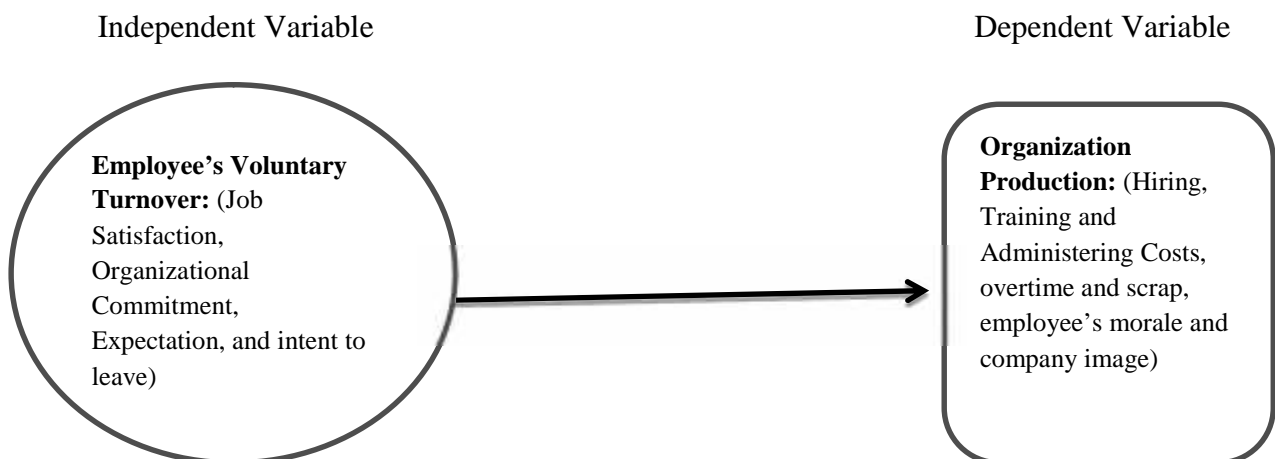
Since Tobacco Processing industries are semi-production industries, there are high labor market competition among the industries of production especially in engineering and human resource fields which accelerates labor motilities to cope with technology advancements.

This labor scrambling will impact on high production cost and hence comparative low wages to employees. Employees will tend to seek for green pasture jobs and accelerates more labor mobility which will affect employer's production performance.

2.7 Conceptual Framework

Conceptual framework refers to a collection and model of interrelated concepts/ constructs that provides a fruitful language and orientation, in which to frame substantive research problems (Stommel & Wills, 2004). The conceptual frame work for the study will based on that organizational production costs (Hiring, Training and administering costs) as dependent variable and employee's voluntary turnover (Job satisfaction, Commitment, Expectations, and intent to leave) as an independent variable while psychological issue, economic issue, and Demographic issue as factors influencing the independent variable. Furthermore organizational production will be taken as proxy for job satisfaction, commitment, Expectations and intent to leave. Through theory and concepts on the labour turnover the researcher will be able to assessing the factors contributing to voluntary turnover and identify its impact on production in Alliance One Tobacco Tanzania Limited (AOTTTL).

Conceptual Model for Voluntary Turnover as impact to Organization Production



Source: (Derek, 2007)

In view of the literature above, it's been found that majority of studies on voluntary turnover have conducted in developed countries and very few in developing countries. A lack of literature review on voluntary turnover from Tanzania perspective is indicate of a gap in or understanding of the causes and effects of this phenomenon. This study went out to find those organizational and individual factors that beer more relevance to voluntary turnover and how turnover affect the production cost in Alliance One Tobacco Tanzania Limited (AOTTL).

2.8 Conclusion

It is important for managers to have an understanding of why people would leave the organization, and it is equally important to identify those factors that attract people to organizations in order to reduce the turnover rate which have direct effect on production costs (Amos, 2008). Tobacco Industries management need to work in collaborations with human resources consultancies to address sources of dissatisfaction and improving working conditions for the staff, if they are to reduce the turnover of staff in their industries and improving their productions (Pillay,2009). Trainings and career developments could also contribute to employee retention and turnover. For example employees who are given opportunities for trainings and career development may remain within the organization. However, some employers could have fear that if their employees are well trained, they may leave the organization for better jobs elsewhere.

Employees who lack in organizational and professional commitment, who are unhappy with their jobs, and who experience excessive burnout and stress but not enough social support are likely to contemplate leaving the organization (Michal, 2001). Employees who are committed to their employing organizations are less likely to quit than those who are not. Recruitment may be one way of building intellectual capital but it is of little use if an organization cannot retain skilled employees. Any organization that is not having a good human resources attraction and retention strategy is faced with a challenge of loosing valuable employees which result to high cost of recruitments and trainings.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter deals with the methodology that was utilized in carrying out the research in order to attain the goal of the study. The goal is to assess the factors that may be contributing to the voluntary staff turnover of Tobacco Industry and its impact on production costs with a possibility of assisting the Tobacco Industries in developing retention strategies.

Research methodology refers to the techniques used to structure a study and gather and analyze information in a systematic way (Polit & Beck, 2004). The methodology describes the research design, research setting, the study population and samples, data collections tools and procedures and data analysis.

3.1 Research Design

The research design refers to the overall plan aimed at addressing a research question, along with specifications to enhance the study's integrity. A plan specifically conceived and implemented to bring realistic evidence to bear on research problem, question, or hypothesis. It refers to the overall approach to or outline of the study that details all major components of the research (Houser, 2008).

The case study design was used in this study. A case study design is exploratory and entails collection of data to answer research questions and relationship among variables (Asika, 1991). The design is most appropriate for descriptive purposes as used to distribute the relevant research variables using percentages.

Descriptive cross sectional study was adopted in conducting this study because study was guided by the university academic calendar. Descriptive survey design was appropriate because it involves collecting data in order to answer questions concerning the current status of the subject study. According to Asika, (1991) define that descriptive design is concerned with describing, recording, analyzing and reporting conditions that exist or existed. Also descriptive methods are widely used to obtain data useful in evaluating present

practices and in providing basis for decision-making (Asika, 1991). This method was considered useful because of time limitations and resources.

3.2 The Study Scope

The study was conducted at AOTTL which fall under Morogoro region, Morogoro Urban district in Kingolwira area. This study focused on the impact of staff turnover in Tobacco Production industries in Tanzania, a case study of AOTTL. In Tanzania there are three Tobacco processing industries which are AOTTL, TTPL and PREMIUM but due to time and financial constraints the study will be restricted to AOTTL only.

AOTTL was chosen as a case study because researcher working at AOTTL in middle management level so it was easier for the researcher to collect raw- data, analyze and propose a remedial action to minimize the impact of labor turnover as my contribution to the company management team.

3.3 The Study Population And Sample

According to Burn and Groves (1993), a population is defined as all elements (individual, objects and events) that meet the sample criteria for inclusion in the study. Further distinction is made between target population and accessible population. The target population refers to a set of causes about which the researcher would make generalizations, while the accessible population refers to one that meets the criteria and would be available for a study (Polit and Beck, 2004). In this study, the targeted population which was readily accessible population was the entire workers of AOTTL in 10 departments and AOTTL ex-workers from 2009.

Scholars do not agree on the exact proportion of the accessible population that should form the sample size. According to Mugenda (1999) suggests that in descriptive studies at least ten percent of the survey population is representative enough to generalize characteristics being observe. In this study therefore thirteen percent of accessible population was constitute a sample size. According to Mouton (1996) defined sample as elements selected with the intention of finding out something about the total population from which they are taken. A convenient sample consists of subjects included in the study because they happen to be in the right place at the right time (Polit & Hugler, 1993).

The population of the study was made up of 327 employees and sample size of 45 employees was taken, where the total response was received at the rate of 100% response rate, in that samples 76% represents the ratio of male and 24% represents that ratio of female employees. Sampling theory was developed to determine mathematically the most effective way to acquire a sample that would accurately reflect the population of the study. This was adopting probability random sampling because it involves the selection of elements from the population using random in which each element of the population has an equal and independent chance of being chosen.

This study used purposive sampling and stratified random sampling techniques. Purposive sampling also known as judgmental, selective or subjective sampling, is the type of non-probability sampling focuses on sampling techniques where the units that are studied are based on judgment of the researcher (Polit & Hugler, 1993). Purposive sampling was used to select people with desired quality from the target population of 327 employees from the different departments in AOTTL. The purposive sampling was used to select head of departments as key informants from each department. The researcher decided to choose head of departments as key informants purposively in order to glean knowledge and experience concerning labor turnover and its effect to the production. In the population of 327 employees, 11 head of departments were chosen as key informants in the study.

Stratified random sampling is the type of probability sampling that involves the division of a population into smaller groups known as strata and here strata are formed based on members shared attributes or characteristics. This study used stratified random sampling to group the samples in strata having similar characteristics. Stratified random sampling used to achieve representation of the main respondents, and main respondents were stratified on the basis of their departments. The stratified random sampling created 11 groups which has a total of 34 samples where sample drawn randomly from each group to get 10% of total sample in the group as main respondents from the total population. The table no.1 below shows the total sample used in the study.

Table 3.1: Sample Size

Departments/Category	Target Population	Main Respondents	Key Informant	Total Sample Size
Finance	15	1	1	3
Information Technology	5	1	1	2
Stores	11	1	1	3
Leaf	49	5	1	6
Sales	7	1	1	2
Engineering	37	4	1	5
Leaf Account	6	1	1	2
Agronomy	27	3	1	4
Human Resource	39	4	1	5
Factory	94	9	1	11
Ex-Employees from 2009	37	4	1	5
TOTAL	327	34	11	45

Source: HR AOTTL-2013

3.4 Data collection tools and procedures

The study was involved the collection of secondary data and primary data. The secondary data included documented information that was obtained in the company's books, newsletters and reports. Primary data was collected using carefully prepared questionnaires.

Structured and unstructured questionnaires were administered to the respondents. A self-administered type of questionnaire was used to collect data. Questionnaires refer to paper and pencil instruments designed to form individuals about knowledge, attitudes, beliefs, and feelings (Wood and Haber, 2006).

The researchers decide to use questionnaires due to the nature of the study which based on descriptive factors and allowed the researcher to get useful responses in cost effective way. The questionnaires were delivered by hand and other by email to the respondents where a total of 45 questionnaires were distributed to respondents and the 45 responses were collected. This represents 100% sample size of the population which is excellent representation for the population of the study.

3.5 Data Analysis and Presentation

According to De Vos et al (2005), analysis means the categorizing, ordering, and summarizing of data to obtain answers to research questions. The purpose of analysis is to compile data into an interpretable form so that the relations of research problems can be studied and conclusions drawn. According to Stommel and Wills (2004), descriptive analysis provides background information on the targeted population. Research data,

particular in quantitative studies, are often collected according to a structured plan that indicates what information is to be gathered and how to gather it (Polit and Beck, 2004).

Descriptive statistics data analysis method was applied to analyze quantitative data and presenting it in form of table, figures and graphs. Data were collected using check list and summarized manually to single sheet of paper. During this process, great care was taken to ensure that the data are accurately reflecting the original meaning of the statement made.

Data from questionnaires were summarized, edited, coded, tabulated and analyzed. Editing was done to improve the quality of data for coding. Editing was involved going through the questionnaires to see if respondents responded to the questions and see if there are blank responses. Tabulation was involved in counting the number of cases that fall into various categories.

3.6 Reasons for choosing the methodology

If the researcher has chosen the observation approach, more times would have required, including additional financial resources as is it more costly to conduct research by observation. A survey was more appropriate for this kind of research and questionnaires were mainly utilized to get the required data. Given the researcher's position in the organization, bias was reduced during the administration of the questionnaires, as the researcher was not present and the respondents were allowed to complete them on their own time. After the questionnaires were completed they were forwarded to the researcher who had the responsibility to sort the data and capture it on an excel spreadsheet for the purpose of analysis.

The survey was not done on a large scale considering the sample size. The population was about 347 and the sample is 45. The number of questionnaire returned is 45. The respondents were chosen using non-probability sampling method where stratified used for the main respondents and purposive used for key respondents. The questionnaires were given to cover all departments and different categories at Alliance One Tobacco Tanzania Limited.

3.7 Outline of the study

Chapter one was an orientation to the study and outlined the background, problem of the study, purpose, research questions and significance of the study. Chapter two discussed the literature review and conceptual model conducted for the study. Chapter three covered the research design and methodology for the study. Chapter four presented the data analysis and interpretation while chapter five presented the conclusions of the study and made recommendations for practice and further research.

3.8 Conclusion

This research has utilized quantitative survey method. The data was analyzed and measured through the questionnaire that was administered to the respondents and respondents had sufficient opportunity to complete the questionnaire without interference from the researcher. The study was also used to identify factors that are contributing to staff turnover and its effect on production costs at Alliance One Tobacco Tanzania Limited. This chapter deals with research methodology and the results and discussion are mainly dealt with in the next chapter, which will be followed by a conclusion and recommendations of the results in chapter five.

CHAPTER FOUR

STUDY FINDINGS, ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter presents the view of the respondents regarding the “impacts of voluntary labour turnover on production in tobacco industry in Tanzania evidence from Alliance One Tobacco Tanzania Limited”.

The presentation of the data will be dealt along with the data analysis and data discussion on the same section. The chapter aims at presenting the obtained data followed by comprehensive analysis and discussions. The analysis is mainly centered on the data collected at Alliance One Tobacco Tanzania Limited. The collected data are analyzed in the context of the methodology presented in Chapter Three. The causes and solutions of voluntary turnover are discussed with the view point of the questionnaires and the effects of turnover to the production are also discussed. The data collected from the case study have been analyzed through descriptive method where data distributed to the relevant research variables using percentage and required calculations have been done to plot the tables and pie charts where applicable. In total of 45 employees were asked to measure voluntary turnover effects and remedies.

4.1: Demographic of the study

A brief personal of the respondents, including age, gender, educational level, service duration, position and department is provided in this section. This information was obtained from section 1 of the questionnaire. This section aims at discussing the respondents profile to enable researcher establish the extent of judgment one might have in the area of the study. The table no.4.1 below show how demographic of the study distributed:

Table 4.1 Demographic of the study

FEATURE	NO. OF RESPONDENTS	PERCENTAGE (%)
Age Bracket:		
18-25	8	17.8
26-35	22	48.9
36-45	10	22.2
46-55	4	8.9
55<	<u>1</u>	<u>2.2</u>
Total	45	100
Gender Distribution:		
Male	34	75.6
Female	<u>11</u>	<u>24.4</u>
Total	45	100
Education:		
Primary Level	0	0.0
Secondary Level	8	17.8
Vocational Level	20	44.4
University Level	<u>17</u>	<u>37.8</u>
Total	45	100
Department:		
Finance	2	4.4
Information Technology	2	4.4
Stores	2	4.4
Leaf	6	13.3
Sales	2	4.4
Engineering	5	11.2
Leaf Accounts	2	4.4
Agronomy	4	8.9
Human Resources	5	11.2
Factory	10	22.2
Ex-employees	<u>5</u>	<u>11.2</u>
Total	45	100
Position:		
Top Level	2	4.4
Middle Level	9	20.0
Low Level	34	<u>75.6</u>
Total	45	100
Service Duration:		
Less than one year	9	20.0
More than one year but less than 4 years	22	49.0
4 to 5 years	10	22.0
Above 5 years	<u>4</u>	<u>9.0</u>
Total	45	100

Data source: Field data 2013

4.2. Presentations on Voluntary Labour Turnover Factors at Alliance One Tobacco Tanzania Limited.

This section aims at presenting findings on voluntary labour turnover factors to enable the researcher establish the extent of judgment one might have in the area of the study. Among factors researched includes job grade as contribution to voluntary turnover, psychological determinants, economic determinants and demographic determinants. All of these helped

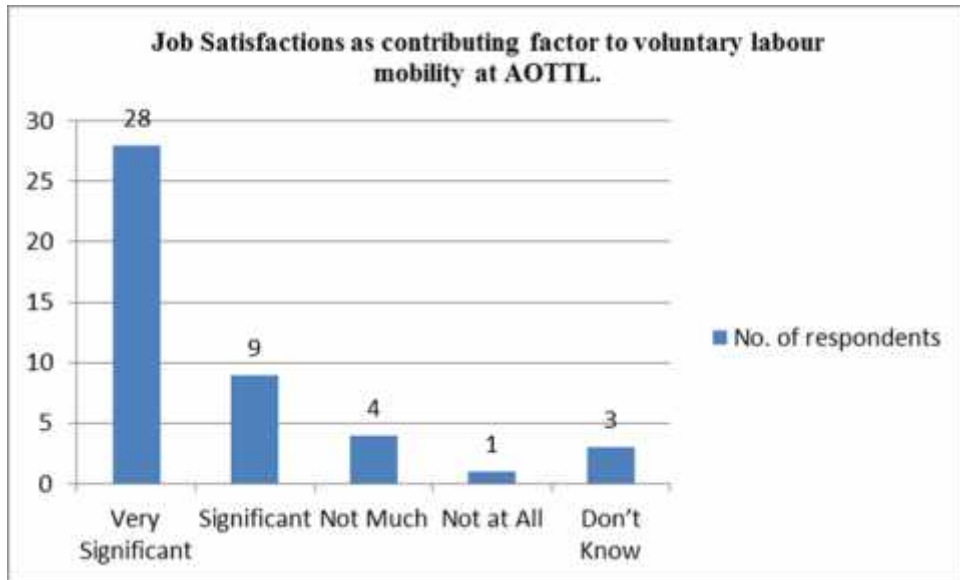
the researcher to test on the voluntary labour turnover factors in AOTTL and get the results according to the research objectives.

4.2.1: Presentations on job satisfaction as contributing factors on voluntary labour mobility at AOTTL.

28 (62.2%) of respondents agreed that job satisfaction is a very significant factor of labor mobility, 9(20.0%) revealed it is a significant factor of labor mobility and 4(8.9%) said it is not much a factor of labor mobility. Also 1 (2.2%) reported job satisfaction is not at all a factor of labor mobility while 3 (6.7%) said they can't tell.

The results above shows that most of the employees at Alliance One Tobacco Tanzania Limited they are not satisfied with their job or work environment as 62% of total respondents agreed that job satisfaction is very significant factor for voluntary turnover. A substantial body of research has been conducted to examine the relationship between quit intention and job satisfaction, and they note that there is a negative relationship between job satisfaction and search intention to find better job. That is, it is more likely that an employee leaves his job when he is not satisfied with his job (Raza, 1993). Job satisfaction is an important factor for the organizations success. In summary job satisfaction is a collection of positive feelings or an emotional state that a person perceives based on a variety of aspects of the work itself or work environment and high voluntary turnover reported to be related to job dissatisfaction and job dissatisfaction likely leads an employee to think about quitting (Robbins, 2005). Satisfied workers will be more productive and stay with the organization longer, while dissatisfied workers will have more tendency to quit the work in between (Crossman, 2003). Productivity is results from looking at how hard employees work and how smart they work and this could not be done without job satisfaction.

Figure 4.1



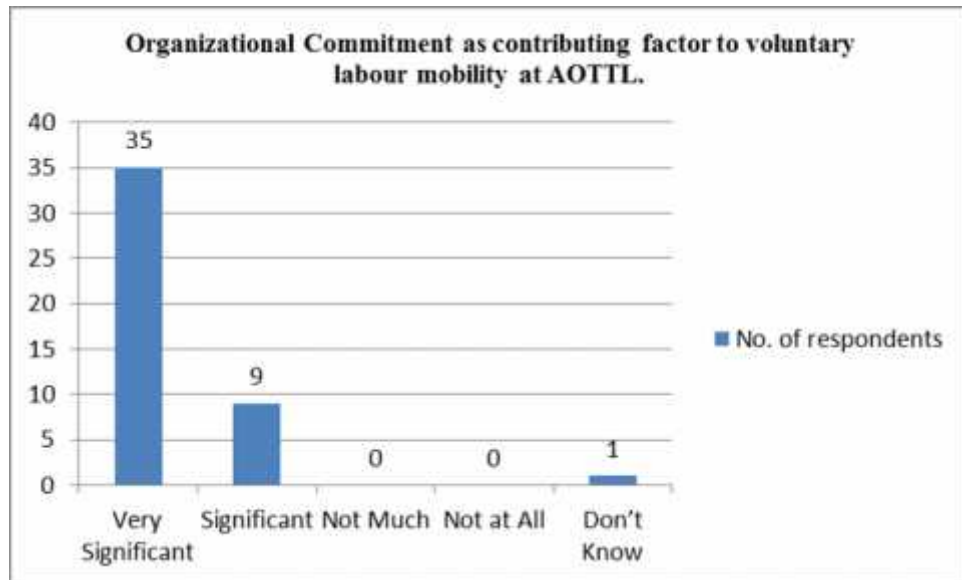
Data Source: Field Data 2013

4.2.2 Presentations on organizational commitments as contributing factors on voluntary labour mobility at AOTTL.

35 (77.8%) of total respondents agreed that organizational commitment is a very significant factor of labor mobility, 9 (20.0%) revealed it is a significant factor of labor mobility and 1 (2.2%) said they don't know. Result above revealed that majority of respondents amounting to 77.8% agreed that organization commitment is very significant contributing factors to voluntary labor turnover as it relate to an individual's strong belief, willingness and desire to maintain membership in the organization and point out that a decline in organizational commitment can result in tendency to quit the job. This add value to a study from some traditional studies which argued that organizational commitment develops from job satisfaction and concluded that organizational commitment takes longer to develop and thus is more stable than job satisfaction (e.g. Price & Mueller, 1981). Most studies reported a significant association between organizational commitment and turnover intentions (Hom, 1979). These findings point out that a decline in organizational commitment can result in tendencies and employees with the low organizational commitment to the organization's goals and values, he /she could have high intent to quit. According to (Peter, 1981), organization commitment had stronger relationship with turnover intentions than job

satisfaction, though satisfaction did make an independent contribution to the prediction of turnover intention.

Figure 4.2



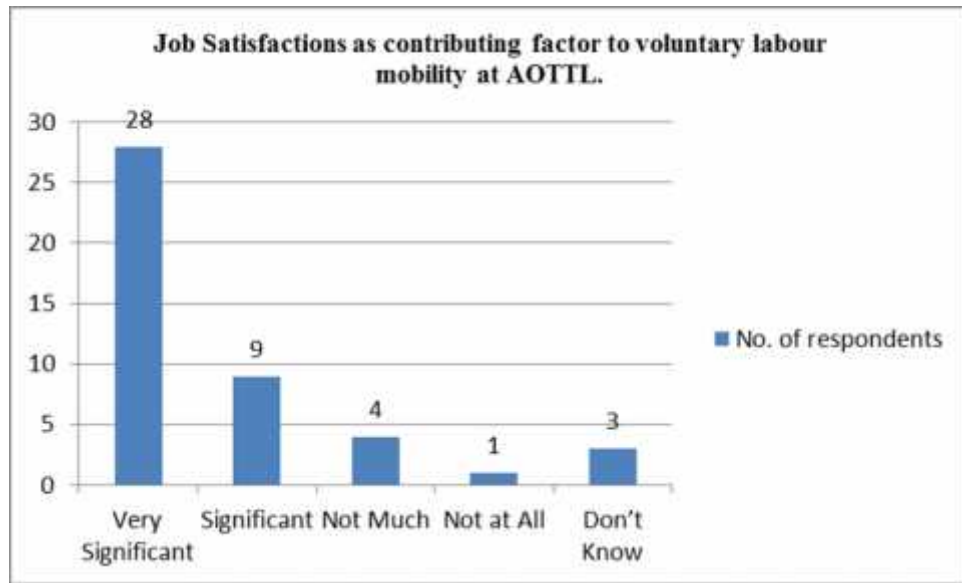
Data Source: Field Data 2013

4.2.3 Presentations on job insecurity as contributing factors on voluntary labour mobility at AOTTL.

21 (46.7%) of total respondents agreed that Job insecurity is a very significant factor of labor mobility, 16(35.6%) of total respondents revealed Job insecurity is a significant factor of labor mobility and 5(11.1%) said Job insecurity is not much a factor of labor mobility. Also 2(4.4%) of total respondents reported Job insecurity is not at all a factor of labor mobility while 1(2.2%) said don't know. This indicates that job insecurity contribute to voluntary labor turnover at Alliance One Tobacco Tanzania Limited (AOTTL) especially when employees are not sure on future about their position roles and job professionalism. Studies on job insecurity have suggested that perceived threats concerning the nature and continued existence of a job may have detrimental consequence as job loss itself (Dekker, 1995). Employees can feel insecure even though no reasons for it exist and job insecurity is more known concerning the future-uncertainty about a future job development and its possible discontinuity. As noted by Hesselink (1999), job insecurity has consistently been found to associate with reduced level of work attitudes such as job satisfaction and increase turnover. Also employees who felt insecure about their future employment were more

dissatisfied with their jobs and likely to look for job elsewhere compared to those perceived their future job situation as more secure (Ashford, 1999).

Figure 4.3



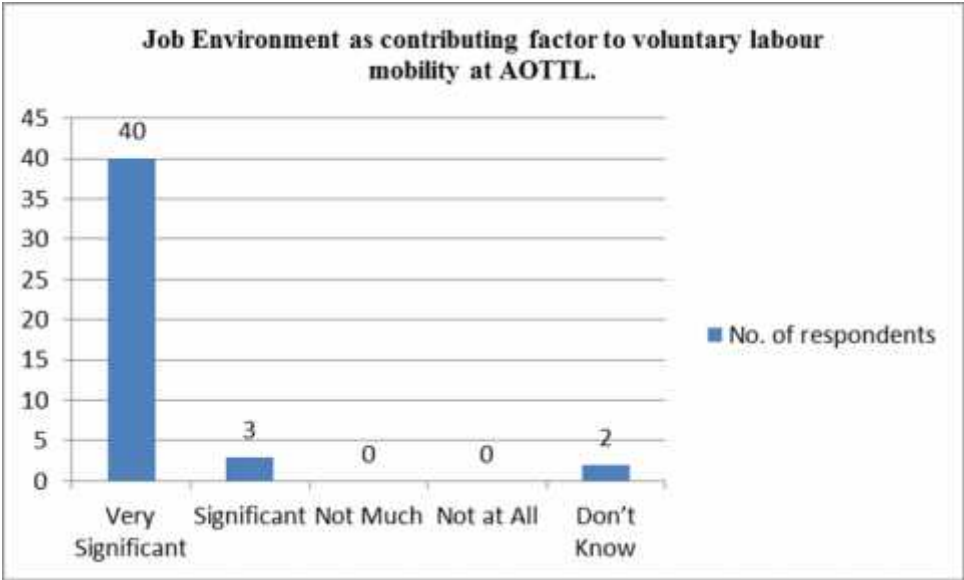
Data Source: Field Data 2013

4.2.4 Presentations on job environment as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

40(88.9%) of total respondents agreed that Job environment is a very significant factor of voluntary labour mobility, 3 (6.7%) revealed Job environment is a significant factor of voluntary labour mobility and 2 (4.4%) said they don't know. This indicates that management style, relation with co-workers, job compatibility with other roles, job professionalism, rigid organizational structure, lack of span control, substandard facilities, and inadequate monetary reward and personal issues contribute to voluntary labour turnover at Alliance One Tobacco Tanzania Limited (AOTTL). Results shows majority of employees at AOTTL are not satisfied with current job environment. According to Gaertner (2000) noted that the organizational culture like the reward system which is strength of leadership, the ability of the organizations to extract a sense of commitment on the part of workers, and its development of a sense of shared goals are among factors influencing job satisfaction as well as voluntary turnover intentions and voluntary turnover rate. Also this result is in-line with a study made by Breukelen, (2004) that turnover can be directly traced to management practices. Voluntary turnover tends to be higher in environments where employees feel

undervalued or ignored, and where they feel helpless or unimportant. Management's handling of major corporate events such as mergers or layoffs is also an important influence on the work environment afterwards.

Figure 4.4



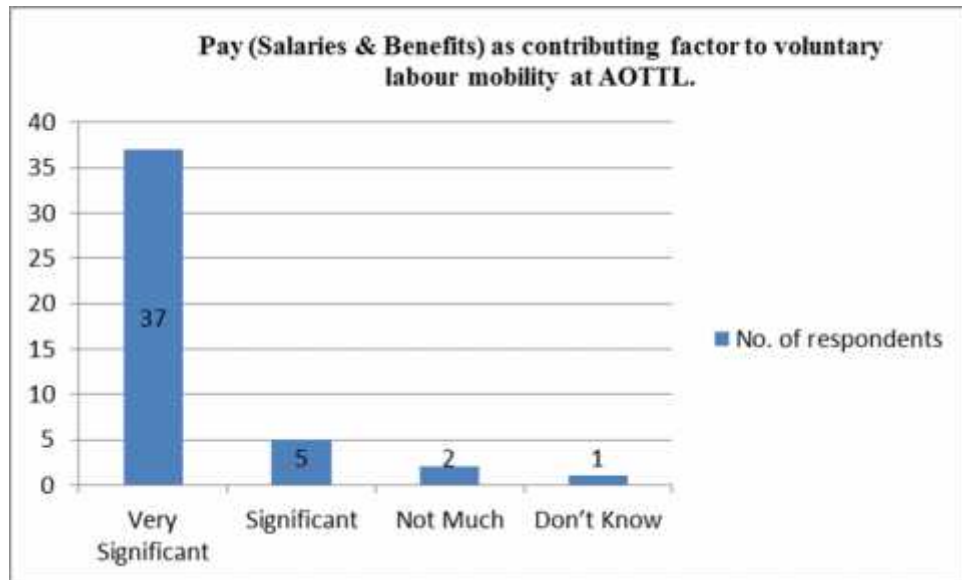
Data Source: Field Data 2013

4.2.5 Presentations on pay (salary and benefits) as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

37 (82.2%) of total respondents agreed that pay is a very significant factor of voluntary labour mobility, 5 (11.1%) of total respondents revealed it is a significant factor of voluntary labour mobility, 2 (4.4%) said it is not much a factor of voluntary labour mobility and 1(2.2%) said he don't know. Taking percentage of respondents agreed that pay is very significant contributing factor of voluntary labour turnover at Alliance One Tobacco Tanzania Limited (AOTTL) is 82.2%. Since most of respondents agreed, we can conclude that salary plus fringe benefits are contributing factors to voluntary labour turnover at AOTTL. In equity in pay structures or low pay are great causes of dissatisfaction and can drive some employees to quit. This also supports arguments by Caplan (1997) that the prospect of getting higher pay elsewhere is one of the most obvious contributors to voluntary labour turnover. Pay can seem adequate to engaged employees and insult to actively disengaged workers. But this imposes more challenge and arguments to a study

(Caplan et al., 1997) that money is not only root cause of voluntary labour turnover, even when it is a factor in an employee's decision to quit.

Figure 4.5



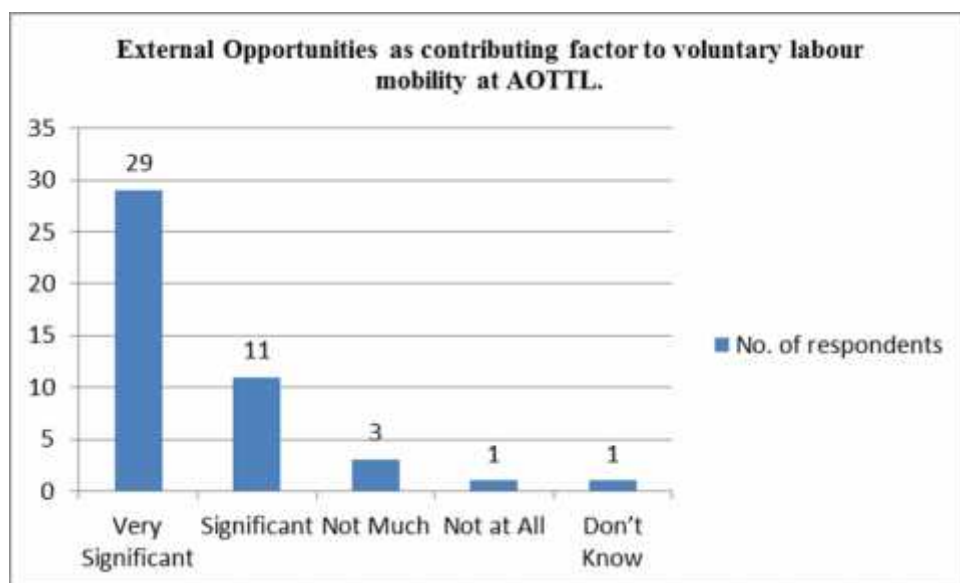
Data Source: Field Data

4.2.6: Presentations on external opportunities as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL).

29 (64.4%) of total respondents agreed that external opportunities are very significant factor of voluntary labor mobility, 11 (24.4%) revealed are significant factor of voluntary labor mobility and 3 (6.7%) said are not much factor of voluntary labor mobility. Also 1(2.2%) of total respondents reported external opportunities are not at all factor of voluntary labor mobility and 1(2.2%) of total respondents said he don't know. Result above revealed that majority of respondents amounting to 64.4% agreed that external opportunities are very significant contributing factors to voluntary labor turnover in Alliance One Tobacco Tanzania Limited (AOTTL) due to availability of competitors' in labour market especially private companies with good opportunities to career developments and salaries. Market conditions can greatly affect the prevalence of turnover in the market place and researchers studying voluntary turnover suggest that two primary factors affecting employees are attractiveness of the current job and availability of other opportunities (Shaw,1998).This relates to presentations of age and gender where most of the employees were male who were young and energetic assumed to be very mobile in seeking for quality job and this

group that most of the organizations are searching as they are believed to be very productive and effective. Also this add value to a study (Gaertner *et al*, 2000) who noted that a desire to learn a new skill or trade can lead to a staff decide to shift from one company to another and a job's attractiveness is a contributing factor for one to change from job to another and new job's personality is also important. Salaries which don't meet daily requirements, would contribute to staff dissatisfaction and turnover rates (Gupta, 1998). Alternative job opportunities are theoretically fertile concept which has been associated with such divergent phenomenon, and movement within labour markets allow workers to be matched with a suitable job that fits their preferences and in which they are economically productive. Also if employees are only staying with the firm due to a lack of other opportunities, the company will suffer from decreased quality in job performance and on other side will result to involuntary turnover.

Figure 4.6



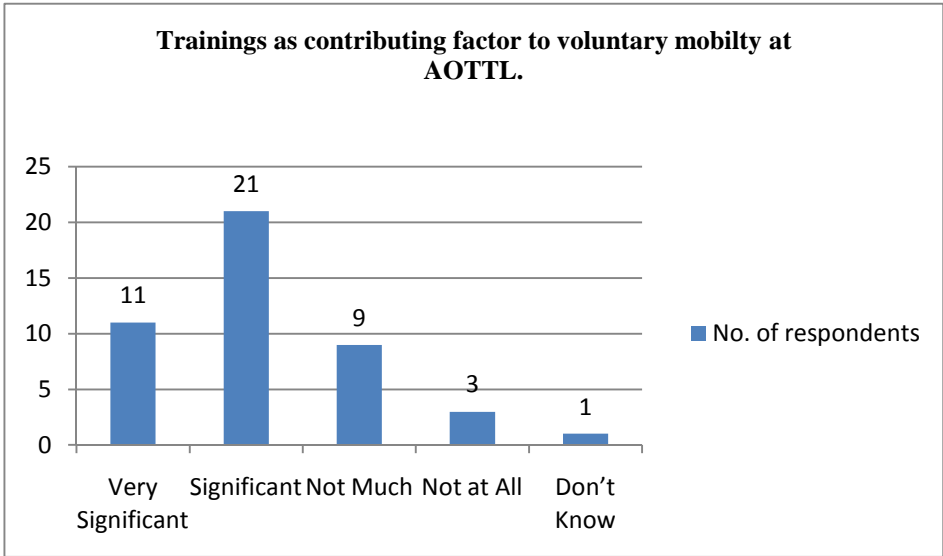
Data Source: Field Data 2013

4.2.7: Presentations on Training as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL).

11(24.4%) of total respondents agreed that training is a very significant factor of voluntary labor mobility, 21 (46.7%) revealed it as a significant factor of voluntary labor mobility and 9 (20.0%) said it is not much a factor of voluntary labor mobility. Also 3 (6.7%) reported training is not at all a factor of voluntary labor mobility and 1(2.2%) said he don't know. This implies that, training is not very significant factor of voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL) as only 24.4% of the total respondents agreed but it is significant factors of voluntary turnover since 46.7% of respondents they noted training as significant factor of voluntary labour mobility. Even though training in general shows little weight as a most contributing factor to voluntary turnover at Alliance One Tobacco Tanzania Limited (AOTTL), management should continue focused to the trainings as it add values to the employees and also act as employees' retention strategy to the organization.

The relationship between training and turnover intent can be traced back to the Human Capital theory, arguing that the investment on training can increase the quality of an employee and the amount of training days can indicate the efforts of the management to invest in their employees with the intention of retaining them (Becker, 1993).

Figure 4.7

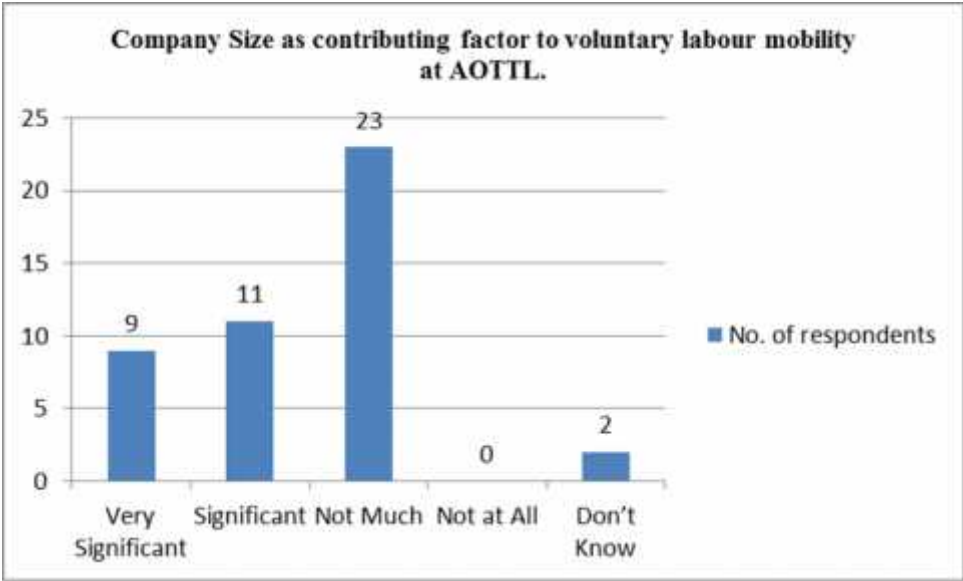


Data Source: Field Data 2013

4.2.8: Presentations on company size as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

9 (20.0%) of total respondents agreed that company size is a very significant factor of voluntary labor mobility, 11 (24.4%) revealed that company size is a significant factor of voluntary labor mobility, 23 (51.1%) said company size is not much a factor of voluntary labor mobility and 2 (4.4%) said they don't know. This indicates that company size is not much contributes to voluntary labor turnover at Alliance One Tobacco Tanzania Limited (AOTTL) as also a big company in private in industry in Tanzania. Many people assume that bigger companies pay a higher salary, have more existing promotion opportunity (internal vertical and horizontal mobility) and offer a higher job safety than smaller companies (Henneberger & Sousa-Poza, 2002).

Figure 4.8



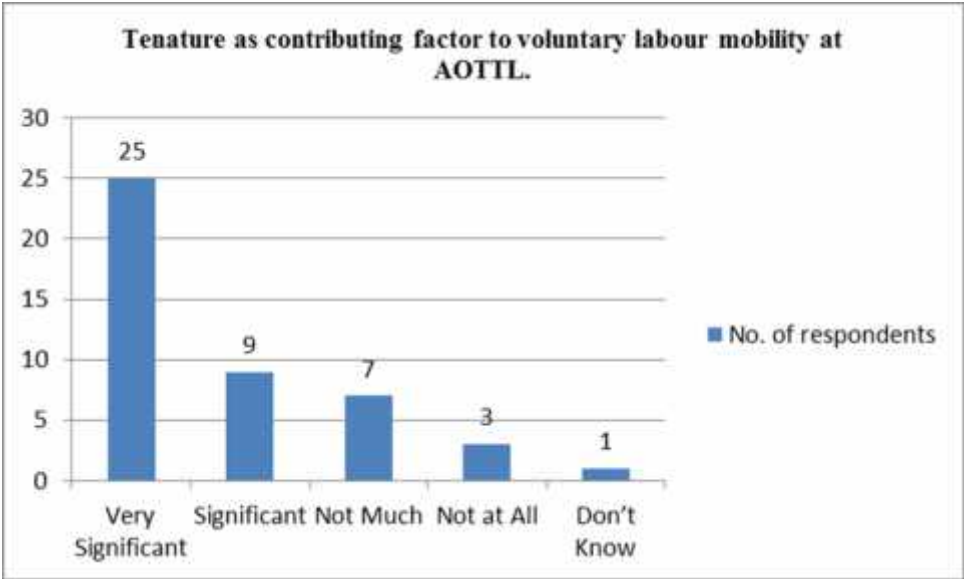
Data Source: Field Data 2013

4.2.9: Presentations on Tenure as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

25 (55.6%) of total respondents agreed that tenure is a very significant factor of voluntary labor mobility, 9 (20.0%) revealed that tenure is a significant factor of voluntary labor mobility, 7 (15.6%) said tenure is not much a factor of voluntary labor mobility, 3 (6.7%) said tenure is not at all a factor of voluntary turnover and 1 (2.2%) said they don't know.

This indicates that tenure contributes to voluntary labor turnover at Alliance One Tobacco Tanzania Limited (AOTTL) and 55.6% of employees strong agree that low tenure is the one of the factors that creates employee intents to leave in Alliance One Tobacco Tanzania Limited for their future developments. The above results correlate with the service duration where majority of the employees 91% were having work experience of not more than five years. Job tenure is the time period that a person spent on the job in organization. It has negative relation with voluntary turnover when an employee getting older in a company and promoted on the senior designation then he/she has less willingness to quit or leave the job. According to Backer (1960), long period of employment increases organizational commitments that reflect maximum investment had made in the company.

Figure 4.9



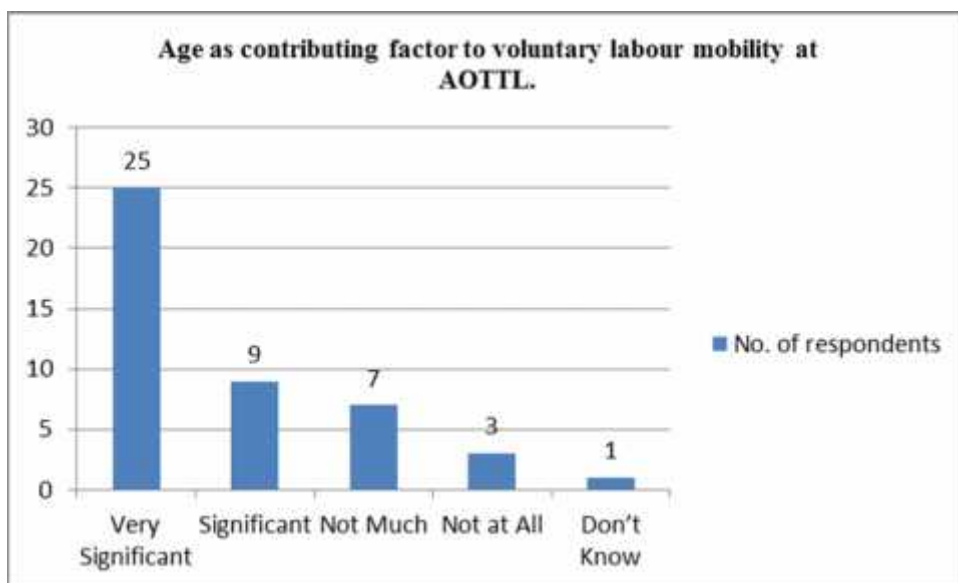
Data Source: Field Data

4.2.10: Presentations on age as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

37 (82.2%) of total respondents agreed that age is a very significant factor of voluntary labour mobility, 6 (13.3%) revealed age is a significant factor of voluntary labour mobility and 2 (4.4%) of total respondents said age is not much a factor of voluntary labour mobility. The age characteristic results in table 4.11 indicate that more than half of the respondents were young and energetic, assumed to be very mobile in seeking for quality job which in turn brings quality life through offering their skills and knowledge .From the study this

concept comes out that workers age also contribute towards the decision to stay or leave the job. It is crystal clear age has positive relation with organizational commitment and job satisfaction. A mature person has more confidence and patience on the workplace than a younger one. According to Wright and Hamilliton (1998), with increase in age a person has greater level of prestige and confidence. Just like the same age has direct relation with organizational commitment, if worker getting order then he supposed to be more committed with organization. These findings helped the researcher to get the real picture on how age variable affect the intention of employees to stay or leave their work places especially to young and energetic group who desire quality life. It is this group that most of the organizations are searching as they are believed to be very productive and effective. The relationship between age and turnover shows that the factor age has been resulted to be negatively correlated with the probability of job turnover intent and supported by the matching theory that younger people have an experimental stage at the beginning of their professional life and they don't afraid to take risk for the new opportunities.

Figure 4.10



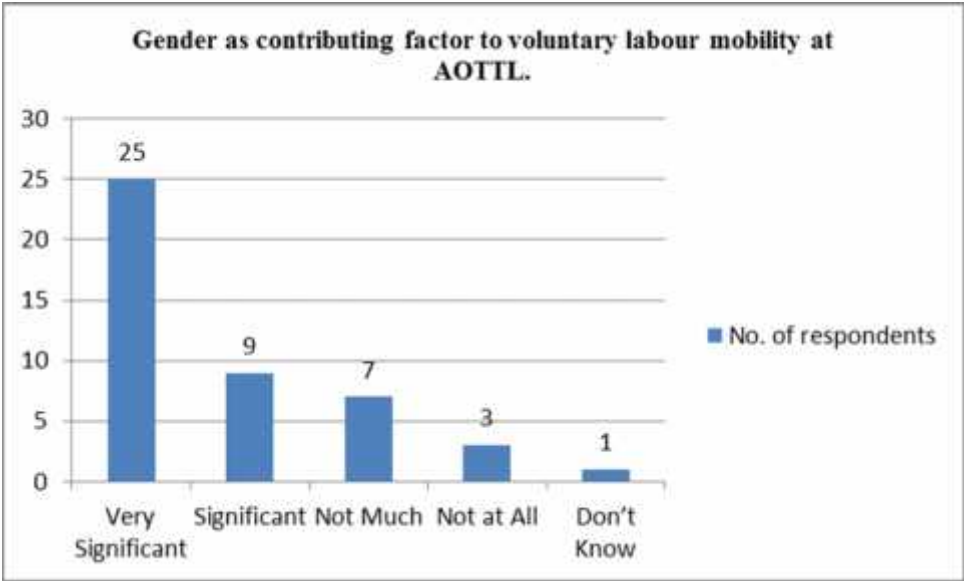
Data Source: Field Data 2013

4.2.11: Presentations on gender as contributing factors on voluntary labour mobility at Alliance One Tobacco Tanzania Limited (AOTTL)

25 (55.6%) of total respondents agreed that gender is a very significant factor of voluntary labor mobility, 10 (22.2%) revealed that gender is a significant factor of voluntary labor

mobility, 5 (11.1%) said gender is not much a factor of voluntary labor mobility, 3 (6.7%) said gender is not at all a factor of voluntary turnover and 2 (4.4%) said they don't know. This indicates that gender contributes to voluntary labor turnover at Alliance One Tobacco Tanzania Limited (AOTTL) and 55.6% of total respondents strong agree that gender is the one of the factors that creates employees' intents to leave in Alliance One Tobacco Tanzania Limited. The finding of the studies of the relationship between gender and turnover are mixed, however. While Cotton & Tuttle (1986) found females are more likely to leave than males, and Wai & Robinson (1998) reported no relationship between gender and turnover. According to Elaine (1997) and Summers (1991) found males more likely to quit than females. This is because dispute the increasing participation of females in workforce, female work basically supplement the family income. Consequently males may leave current job in favor of a more attractive job, if their expectations are not met. The gender characteristic results indicate 75.6% of the respondents were male and figure 4.12 showed male contributed voluntary turnover significantly by 78% compared to females. Male assumed to be very mobile in seeking for quality job which in turn brings quality life through offering their skills and knowledge than female.

Figure 4.11



Data Source: Field Data

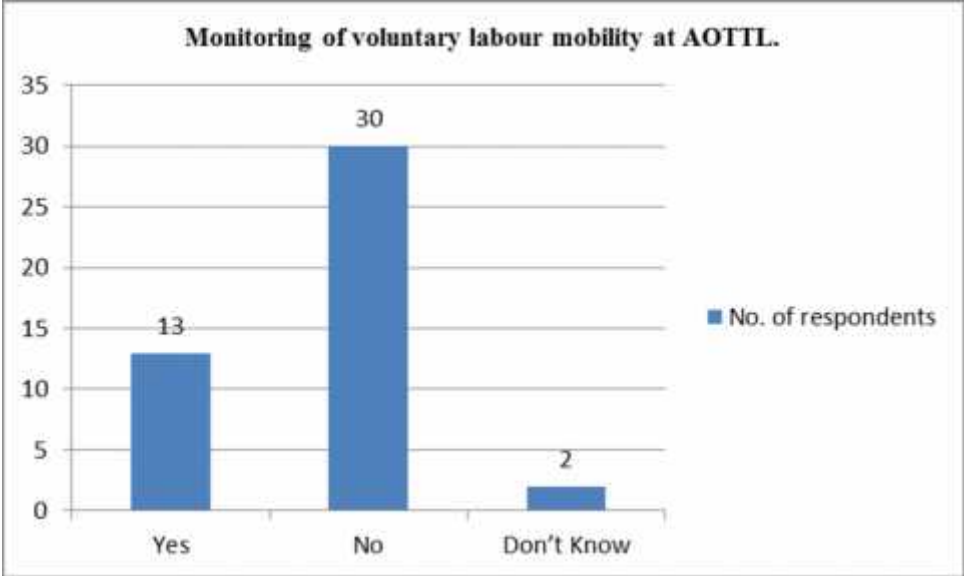
4.3 Presentations on employee retention efforts in Alliance One Tobacco Tanzania Limited.

This section aims at presenting findings on employee retention efforts at Alliance One Tobacco Tanzania Limited to enable the researcher establish the extent of judgment one might have in the area of the study.

4.3.1 Presentations on monitoring voluntary turnover at Alliance One Tobacco Tanzania Limited

13 (28.9%) among total respondents said yes there is monitoring of voluntary turnover, 30 (66.7%) said no and 2(4.4%) of total respondents reported they don't know. This result signal of importance of monitoring voluntary turnover as a one of employees' retention strategy plan Alliance One Tobacco Tanzania Limited management need to enforce. According to Campion (1991), the need for organizations to measure employees' turnover is substantial. Turnover is an index of organizational effectiveness and as such it warrants attention and some understanding per se (Vandenberg and Nelson, 1999). Firms should simultaneously measure and manage employee turnover in order to minimize it.

Figure 4.12

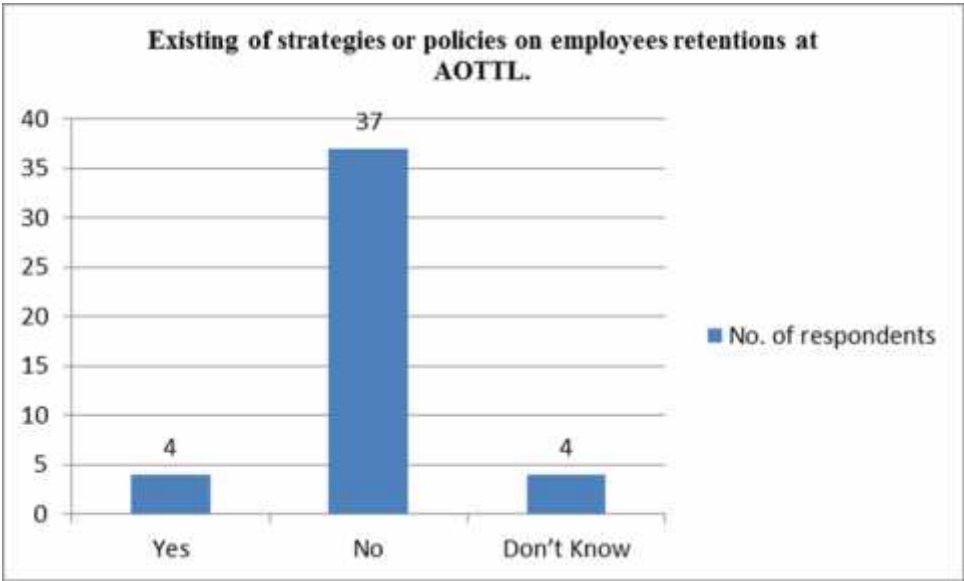


Data Source: Field Data 2013

4.3.2 Presentation on the strategies and policies for employees’ retention at Alliance One Tobacco Tanzania Limited

In question 14 (a) which asked respondents if Alliance One Tobacco Tanzania Limited have policies or strategies on employees retention, and 4 (8.9%) of total respondents said ‘Yes’, 37(82.2%) respondents they said ‘No’ and 4(8.9%) said they don’t know as figure below shown. Most of the respondents from 8.9% they said, the company implement exit interview and Job evaluation as strategy for retaining employees at Alliance One Tobacco Tanzania Limited. The result revealed that Alliance One Tobacco Tanzania Limited, they don’t do enough on employees’ retentions and this can results to continuing endanger the production of the company. Employees’ retention strategies refer to the techniques employed by the management to help the employees stay with the organization for a longer period of time, and not only stick to the company but also motivating employees so that they contribute effectively (Mobley, 1982). Effectively retaining a positive and motivated staff is vital to an organization’s success, and implementing an employee retention program is an effective way of making sure key workers remain employed while maintaining job performance and productivity.

Figure 4.13

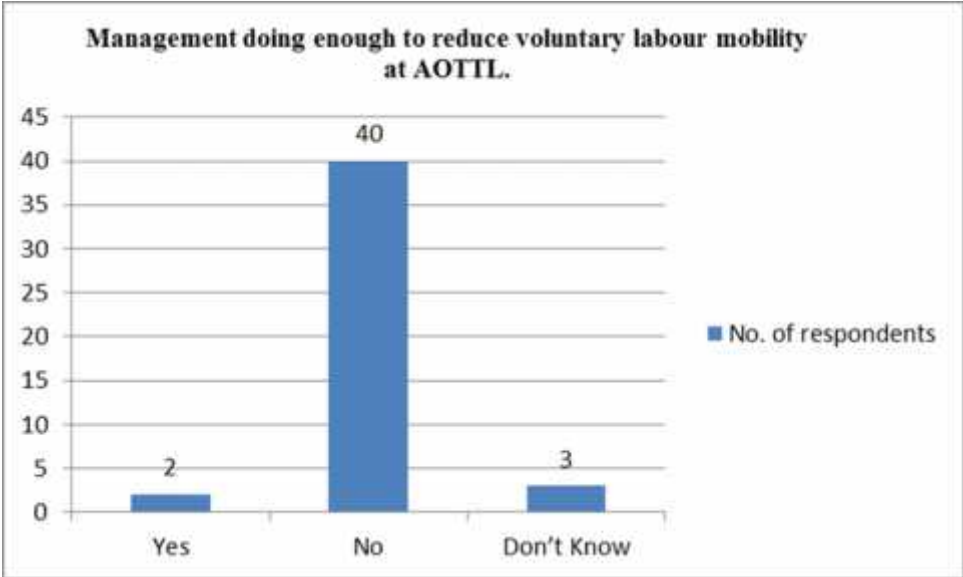


Data Source: Field Data 2013

4.3.3 Presentation on management doing enough to reduced voluntary turnover at Alliance One Tobacco Tanzania Limited.

The finding on if management doing enough to reduced voluntary turnover at Alliance One Tobacco Tanzania Limited showed that 2 (4.4%) among respondent said yes management doing enough, 40 (88.9%) said no and 3 (6.7%) reported they don't know. The result as showed below enforces the management of Alliance One Tobacco Tanzania Limited to plan in place well-armed to combat voluntary turnover in the company. Also majority of respondents commented that Alliance One Tobacco Tanzania Limited should implement effective communication and morale, career development and training, design the best compensation package, provide a great work environment , establish culture and demonstrate respect, enable employees balance work and life, involvement in decisions, minimize overtime, and opportunities for career and personal growth. Reducing employee voluntary turnover is dependent on the total work environment you offer for employees (Mobly, 1982).

Figure 4.14



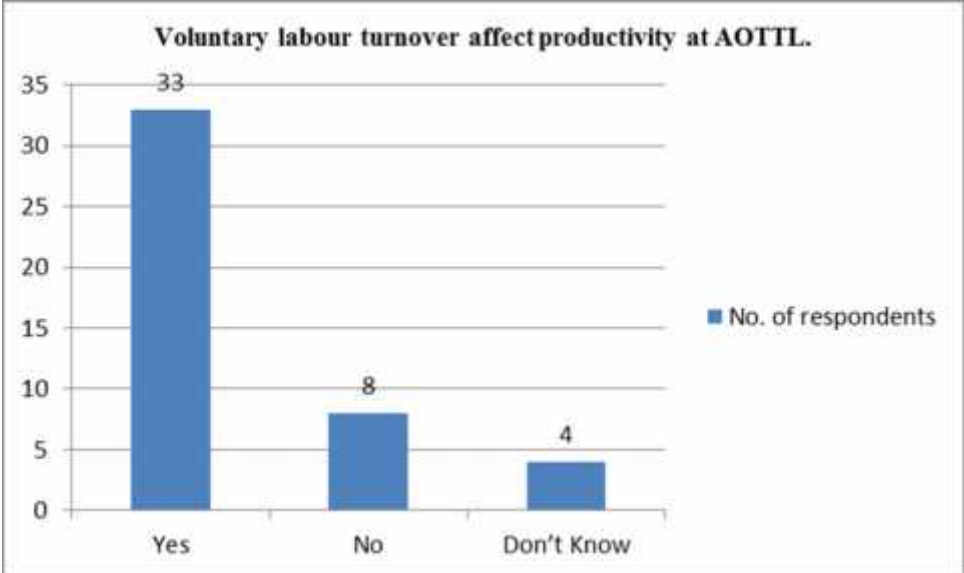
Data Source: Filed Data 2013

4.4 Presentation on effect of voluntary turnover on Production at Alliance One Tobacco Tanzania Limited

In question 16 (i) which want the respondents to put their view on if the company was affected on production cost through voluntary turnover, 33 (73.3%) of respondents agreed

that it affected production costs, 8(17.8%) said no that voluntary labor turnover has no impact in production cost and 4 (8.9%) said they don't know. The results analysis shows that there is high effect of voluntary labor turnover towards production cost at Alliance One Tobacco Tanzania Limited as discussed and concluded by many researchers. Voluntary turnover deeply related with the production cost of an organization. Employee voluntary turnover can hamper the overall production of an organization and is symptom of other difficulties (Mobely, 1982). Production cost is the measures of an organization to achieve its targeted production and profit with the means of workforce, authority's strategies, machineries, equipment and assets.

Figure 4.15

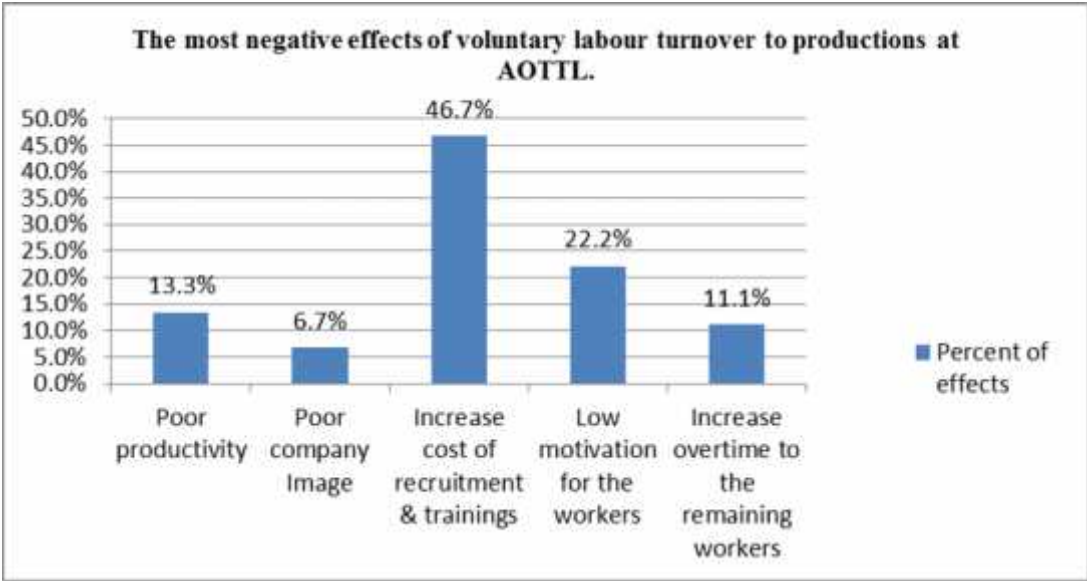


Data Source: Field Data 2013

In question 16 (ii) respondents were asked to identify the most effect of voluntary turnover on production and majority 21 (46.7%) of total respondents noted that increase the cost of recruitment and trainings, 10 (22.2%) reported that low motivation from the workers, and 6(13.3%) said that poor productivity. Also 5 (11.1%) reported that increase overtime to the remaining workers while 3(6.7%) agreed that poor company image. The study was checked the effect of turnover on the production of the organization which is very important issues in different organizational cultures in different areas of the world. These results revealed that voluntary turnover negatively affects the production at Alliance One Tobacco Tanzania Limited. The study found that the production of an organization is negatively and insignificantly associated with employee turnover.

The result of the study clearly evidenced there is negatively relationship between the independent variable of organization production and independent variable employee voluntary turnover.

Figure 4.16



Data Source: Field Data 2013

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter makes conclusions and recommendations for practice and further research. The conclusion and recommendations were based on the research questions presented in chapter one are;

- (i) What are the factors leads to labor voluntary turnover on production in Alliance One Tanzania Tobacco Limited?
- (ii) What are effects of labor voluntary turnover on production in Alliance One Tanzania Limited?
- (iii)What efforts and strategies can be used to minimize labour voluntary turnovers in Tobacco industries in Tanzania, Alliance One in particular?

5.1 Conclusion

It is important for the management to have understood of why people would leave the organization & it is equaled important to identify those factors that attract people to organization (Amos, 2008).

Job environment has the largest direct effect on turnover intent, (Barton, 2001). Alliance One Tobacco Tanzania Limited needs to work to address sources of dissatisfaction and improve working environment. Employees who lack organizational and professional commitment, who are unhappy with their jobs, and who experience excessive burnout and stress but not enough social support are likely to contemplate leaving the organization (Michal, 2001). Employees who are committed to their employing organizations are less likely to quit than those who are not (Simmon, 2005). Recruitment may be one way of building intellectual capital but it is of little use if an organization cannot retain key employees. By creating conducive environment it will help Alliance One Tobacco Tanzania Limited to boost the morale of the employees but an organization that is not doing enough on attraction and retention strategies is faced with the challenge of losing valuable employees and it will results on high production costs through the costs of recruitments and trainings.

Labour voluntary turnover apart from its implications can be disastrous, if not controlled. It has its consequences apart from its cost implication of recruiting new staff and hiring replacements. Although high turnover rate is expensive and disastrous, a low rate can be cost saving.

Based on the findings of the study, it can be concluded that voluntary employee turnover was a major factor that greatly affect the production of the organization. Employees are aware and experienced voluntary employees turnover and most employees of AOTTL were ready to quit if offered another job with better terms of service. Most employees who quit the job did it voluntarily and it experienced that the supervisor level contributed to the highest labour turnover at Alliance One Tobacco Tanzania Limited. Also the study found that;

5.1.1 Demographic Factors

A demographic factor that has been found to have stable relationship with turnover intention in the study includes;

- Age: Age was negatively associated with turnover intention,
- Gender: Male have greater intention to leave than females,
- Tenure: Tenure of an employee in a company was negatively associated with intention to leave,

5.1.2 Voluntary labour turnover factors

According to the majority of the respondents from the study;

- Private sector is the main competitor in the labour market,
- Job insecurity, lack of trainings and company size are not significant factor to voluntary turnover ,
- Low salary and benefits, poor job environment, lack of career development and opportunities, external opportunities, and job dissatisfaction are the major significant factor to voluntary turnover ,

5.1.3 Employees retention strategies and policies

According to the majority of the respondents from the study;

- No monitoring and control of voluntary turnover at Alliance One Tobacco Tanzania Limited,
- No employees retention strategies and policies implemented,

- Alliance One Tobacco Tanzania Limited have not done enough to reduce the effects of labour turnover,
- And Private companies are main competitors of Tobacco industry as far as labour mobility concerned.

5.1.4 Effect of voluntary turnover on production cost

According to the majority of the respondents from the study;

- Voluntary turnover has negatively affected both workers and Alliance One Tobacco Tanzania Limited Production costs,
- Voluntary turnover affected company production costs through; high cost on trainings and recruitments, low motivation from employees, increase overtime and workload to the remaining workers, poor productivity and bad company image.

5.2 RECOMMENDATION BASED ON RESEARCH FINDINGS

Employee turnover should not be left to be handled by the human resource department alone rather it should be looked at as part of overall business strategy since human capital is one of the major factors of production. This way, factors that are causing employee turnover will be handled and top management level and action will be taken to minimize employee turnover. The study also need for the managements to be vigilant with their exit interviews so as to get insights of why the employees are leaving while redoubling their efforts in streamline the motivation package. Also the study recommends the followings below;

Hire rights persons: Management of Alliance One Tobacco Tanzania Limited should take time to find the right employee the first time means that employee will be less likely to leave the company when a better opportunity rolls around. Fitting in with a company and doing well on the job requires more than just the basic ability to complete tasks.

Improve working environment: Working conditions play very crucial role in increasing job satisfaction and organizational commitment in the workforce of community. In the Tobacco industry working conditions are averagely good enough but in some units old machinery has used that are main causes of dusts and accidents to less experienced workers in the production areas. Also some middle level behave in very bad manner with their subordinates and this kind of unethical are normal in Tobacco industry because middle level

employees are technically strong but do not have enough education on management and treat workers in rough way. Alliance One Tobacco Tanzania Limited should make sure they create good policies on organization culture especially proper trainings on the topic of attitude and behavior required for middle level staff to avoid their negative behavior with their subordinates and improving working environment in order to make staff comfortable with their working environment as the strategies retain their staffs.

Allow room for growth: Few people want to remain in a position that does not let them advance or grow in some way and organizations that focus on employee development enjoy higher employee satisfaction which leads to lower turnover. Management should set goals for each employee and come up with a one year or five year plan with each person. Provide employees with the resources to advance, example cross train the staff so that each person knows how to perform multiple jobs and providing trainings to develop their skills further.

Bump up benefits: Basic benefits like such as health insurance and retirement plan might not be enough to keep employees on staff. Management should consider adding other benefits that do not cost the business much, like offer flexible scheduling to employees who are parents or who have other family obligations. They will appreciate the opportunity to balance work and life.

Make the pay appealing: An employee might enjoy what she does but find that the pay does not satisfy her. Management should make sure the company is offering compensation that is on line with what is in line with what other companies offer for similar positions in the market. Also they must make sure the pay might have to increase yearly as the cost of living increases and make bonuses and other benefits offer employees competitive too.

Recognize good performance: Reinforce people doing good work lets them knowing they are appreciated. Tangible or intangible rewards are a great way to show management appreciation for workers who excel. This improves morale if done well. However understand that reinforcement can be a minefield if it is not handled properly and make sure employees receive sincere appreciation by management on continuous basis.

Build trust: by extending trust to employees, leaders demonstrate their willingness to support them. This pays off in terms of higher trust on the part of employees toward the organization. There is a whole science on how to build trust and by creating real environment, more trust in an organization will lead to lower turnover. Employees must be given adequate space to participate in the decision making process of the organization, and by doing so, their loyalty to the organization and job satisfaction could be increased. In order for employees to remain on the job, they need to feel a sense of satisfaction from the work that they do and a sense of commitment to the organization served by it (Michal, 2001).

Reduce Boredom: Employees, who are underutilized, tend to get bored and restless. If there vacuum of activity, worker often get into mischief. It is important for the management to craft job duties and responsibilities such that workers are actively engaged in the work every day.

Clear Job expectations: When individuals' expectations of the job are not met, the employee may experience job dissatisfaction which could make difficult for an organization to retain that employee. Orientation of employees in an organization helps them to feel welcomed and instill a sense of belongingness that may in the long run prove to be effective in terms of staff retention.

Balancing work and family life: Alliance One Tobacco Tanzania Limited should find the ways to help employees successful manage their commitments at home and at work and by doing so many retention problems can be avoided (luck, 2002). It is imperative for parents to share responsibilities when it comes to the caring for the family. The research shown the work schedules lead to greater work- life balance and can off-set work stress (Pearce & Mawson, 2009). Therefore Alliance One Tobacco Tanzania Limited should be in position to provide their employees with the opportunities to work on flexible hours.

Communicate more: In nearly every corporate survey on employee satisfaction. Communication need to be everywhere and consistent. It is not enough to have a monthly corporate newsletter but communication needs to take many different forms and be a constant for all levels of management. This could harmony in the workplace and that could

help in holding relationship among the employees. If employees are satisfied, there is an increased chance that they will stay within the organization and it becomes difficult for other competitors to attract them.

Cross Train: Employees, who have been trained on several different jobs recognize they are of higher value to the organization and tend to be less inclined to leave. Along with the pressure of having more variety of work, employees appreciate the ability to take on additional skills.

Feedback performance: There needs to be a constant flow of information on how all employees are doing in area of the organization. People who are kept in the dark about their performance become disillusioned and cranky. The simple kindness of letting people know how they are doing on a daily basis or weekly basis pays off in terms of lower turnover.

Train Leaders: All levels of management and supervision need to be highly proficient at creating an environment where the culture is upbeat, positive, and has high trust. This does not happen by accident, or simply by desire. It takes work and lots of emphasis by senior leadership to make sure that there are no weak links in the management chain. The intention is to improve leadership effectiveness at all levels and remove any dud who is incapable of changing.

Royalty: The management should offer challenging job and hope for future prospects to workers in order to increase their loyalty and commitment to the organization. The loyal and committed staff hardly leaves the organization.

Finally, the Alliance One Tobacco Tanzania Limited management should make clear effort to determine all its associated production costs due to labor turnover, learning why employees are leaving and developing comprehensive employee retention plan which will allow to attract and maintain a team that will work hard to achieve an organization's goal and same time organization will minimize the recruitment and trainings costs.

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APPENDIX

QUESTIONNAIRE A: Respondents

Dear respondent;

Provided below is a set of questions that requires your attention and response. The questions are designed to meet the academic objectives. The main purpose of this questionnaire is to get information that will assist me in my research on the impacts of voluntary labour turnover on production in Tobacco industries.

The study is also conducted as partial fulfilment for award of master's degree in Business Administration of Mzumbe University.

Thanking you in advance.

.....

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PART I: EMPLOYEE PROFILE

(Please answer each question by putting a tick around the appropriate answer).

1. Please indicate your age in years (Select the appropriate group):

a) 18-25 b) 26-35 c) 36-45 d) 46-55

.....

e) Above 55

2. Please indicate your gender:

a) Male b) Female

3. What is your highest education level?

a) University b) Vocational

c) Secondary School d) Primary school

Others (specify).....

4. For how long have you worked with Alliance One Tobacco Limited?

a) Less than 1 year b) 1-3 years

c) 4-5 years d) Above 5 years

5. Which one of the following best describes your position in Alliance One Tobacco Limited?

a) Top Management b) Middle Management

b) Supervisor Level d) Operational employee

Others (specify)

6. In which department do you work or used to work?

a) Finance b) Information Technology

c) Stores d) Leaf e) Sales

- f) Engineering g) Leaf Account
- h) Agronomy.....i) Human Resources
- j) Factory

PART II: VOLUNTARY LABOUR TURNOVER FACTORS

7. (i) What do you understand by the term voluntary labour turnover?

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(ii) Does Alliance One Tobacco experience voluntary labour turnover?

- a) Yes b) No
- c) Don't know

8. (i) If you got another job will you leave the Alliance One Tobacco Limited?

- a) Yes b) No
- c) Don't know

(ii) If yes, please give the reasons for your decision?

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9. Which gender has contributed to the voluntary labour turnover?

a) Male

b) Female.....

10. (i) Which category of workers by grade has contributed to the voluntary labour turnover?

a) Senior Managers b) Middle Managers

b) Supervisors d) Sub ordinates
(operational).....

(ii) Explain the reasons for the answer in question above?

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11. Who are the main labour competitors in Tobacco industries?

a) Non-Government Organizations

b) Private Organizations.....

c) Government Institutions

d) Don't Know

Others (Specify).....

12. What do you think are the major contributing factors of voluntary labour turnover in Alliance One Tobacco Tanzania Limited? (Please indicate your level of disagreement or agreement by using the following key 'a-e' for the selection of most appropriate answers)

a) Very significant b) Significant c) Not Much d) Not at all e) don't know

PSYCHOLOGICAL DETERMINANTS

(i) Job Satisfaction

(ii) Organizational Commitment.....

(iii) Job insecurity

(iv) Job Environment

ECONOMIC DETERMINANTS

(i) Pay (salary and benefits)

(ii) External opportunity (labour market)

(iii) Trainings

(iv) Company Size

DEMOGRAPHIC DETERMINANTS

- (i) Tenure (Permanent status)
- (ii) Age
- (iii) Gender

PART III: EMPLOYEES RETENTIONS

13. (a) Does Alliance One Tobacco Tanzania Limited monitors the turnover rate and the reason for turnover?

- (i) Yes []
- (ii) No []
- (iii) Don't know []

(b) If yes, how?

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14. (a) Does Alliance One Tobacco Tanzania have policy or strategies on employees' retentions?

- (i) Yes []
- (ii) No []
- (iii) Don't know []

(b) If Yes, what are policy or strategies applied by the organization on retain employees?

(i)

- (ii)
- (iii)
- (iv)

15. (i) Is the management doing enough to reduce voluntary turnover?

- (a) Yes (b) No
- (c) Don't Know

(ii) If No, what is your view should be done to reduce voluntary turnover?

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PART IV: EFFECT OF VOLUNTARY TURNOVER ON PRODUCTION

16. Was a company affected on production in any way when workers voluntary left the company?

- a) Yes b) No c) Don't know.....

If yes, (please tick on what you think is the most negative effect of voluntary turnover to productions)

- (i) Poor productivity

- (ii) Poor Company Image
- (iii) Increase cost of recruitment and training
- (iv) Low motivation from the workers
- (v) Increases overtimes to the remaining workers

Thank you for your cooperation

APPENDIX 2

Alliance One Tobacco Tanzania Limited Turnover Statistics

Year	Those Who Left	Those who Joined
2009	7	9
2010	9	7
2011	9	11
2012	11	7

Source: AOTTL 2013