

**PERCEIVED FACTORS THAT INFLUENCE LABOUR TURNOVER  
AT ZAIN KENYA LIMITED**

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## DECLARATION

I hereby declare that this is my original work and has not been submitted to any other academic body.

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## **DEDICATION**

This research study is dedicated to my husband for the tireless sacrifices of their precious family time throughout the entire MBA program and especially during this research project.

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## ABSTRACT

Every time an employee leaves his or her employer, there are either negative or positive consequences to the organization. Regardless of good planning, organization can't retain all their employees since in reality; staff wastage has to occur through retirement, transfers, dismissals and natural deaths and resignations. Again, employment turnover costs in many organizations are very high and can significantly affect the financial performance of an organization. This study investigated the factors that influence labour turnover in organizations focusing at Zain Kenya Limited. The objective of the study was to establish the factors that influence labour turnover at Zain Kenya Limited.

The research design of this study was survey on labour turnover at Zain Kenya limited. The study design was selected because it gave a broader account of factors that influence turnover in the organization. The total number of staff in the organization is 321. The population will be stratified into various departments and 30% of each department was target population. A total number of 97 respondents were targeted and stratified random sampling method used to select the respondents. This method was the most suitable since the population was heterogeneous. Primary data was collected by the use of questionnaires. The questionnaires were self administered. Descriptive statistics were used to analyze quantitative data and results resented in tables, pie chart and charts; content analysis was done and results presents in prose form. Factor analysis will be used to analyze the data to describe variability among observed variables in terms of potentially lower number of unobserved variable called factors

From the findings, the study concluded that staff quit their current job due to inequity in compensation, lack of salary review in line with the expectations after long service and that they would switch for a better remuneration in another organization or even goes for self employment and quit formal employment. The study further concluded that lack of promotion, poor leadership, instability of the company, lack of career opportunities and growth, harsh and poor working environment, working with shifts, lack of employee benefits, lack of employee welfare, failure to get clear progression path in terms of changing ones roles, conflict of interest were reasons factors that led staff to leave and stop working for organizations.



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## **CHAPTER ONE: INTRODUCTION**

### **1.1 The background of the study**

Price, (2002) defines labour turnover as the cessation in an organization by an individual who received monetary compensation from an organization. It can also be seen as the rate at which employees leave an organization. It can either be voluntary or involuntary. Voluntary turnover can be in form of resignations, to go back to school or to go into business. It is typically forecasted based on past turnover rates which may be adjusted to reflect management knowledge of changing conditions such as pay rates. Trends in turnover rates may be examined in particular occupations and careers, age and level of education (Herbert, 1983). On the other hand, involuntary turnover is where employees forced to leave the organization either through sacking, retirement, death or sickness. Involuntary turnover may be profitable since poor performing employees are culled from the organization though terminating an old worker can be distasteful even if performance is deficient. In many organizations such employees have been left to stay till retirement. However, excessive involuntary terminations because of performance inadequacies should make management to examine the selection procedures.

#### **1.1.1 The Labour turnover**

Labour turnover within an organization is a normal part of organization functioning and while a certain level of turnover is to be expected and be beneficial to the organization, exclusively high turnover may be dysfunctional to the organization (Armstrong, 2004). (Yoder and Staudohor, 1982) argued that where an employee leaves an organization, it has a variety of effects that not only impact on the organization but also the individual employees and wider society. These effects can be positive or negative (Hom and Griffeth, 1995) and a greater understanding of the process of labour turnover can increase the degree to which organizations and employees within organization can influence these effects. According to (Armstrong, 2004) a minimum level of staff turnover is beneficial to the organization in that, it reduces the task of retrenchment, and also allows recruitment of new employees from outside thus preventing in-breeding within the organization and introduction of new ideas and innovation from the new employee(s). The minimum rate of labour turnover is determined by the size of the labour force in the

organization, the industry, working conditions and remuneration whereas there is no universally acceptable rate of labour turnover. 10-15 percent rate may be acceptable in some organization. A minimum labour turnover is required for all healthy organization (Pearce, 1994).

The common index of labour performance used in organization is labour turnover. This provides information about ratio of leavers to the average number employed during the year as a percentage. A turnover rate of 25 percent would be considered perfectly satisfactory by most firms. A turnover rate of 100 percent can be considered major problem (Cole, 2002). No workforce is completely static, there are always some people leaving and entering the organization, even if the bulk of the workforce is stable. Thus the supply of labour is matched with the demand forecast for labour in various categories. The overall outcome is the supply available more or less matches the forecast of demand by staff category; the supply exceeds forecast requirements in one or more categories or the supply falls short of requirements in one or more categories (Cole, 2002). The third outcome is likely to apply to most organization like Zain most of the time that is to say there are always short of appropriately qualified personnel in one part or another of the business. The case of Zain Kenya is an outright example. If people are constantly leaving it is not possible for the organization or its units to achieve an acceptable level of stability to ensure continuity of operations.

### **1.1.2 The perception of labour turnover**

Many companies are floundering today in their attempts to improve employee retention because they have placed the responsibility for it in the hands of human resources instead of the managers (Branham, 1997). Most employees make a number of transitions between jobs during their working lives. These may include both job changes within a single employer and leaving one firm to take a job to another firm. In either case, there are usually the intention to grow and increase in skills, responsibility, and remuneration, and or improve the fit between employee skills and desires and job requirements (Fisher, 2004). Each day completed by an employee is an investment: to leave before the full term is to get no return on the investment (Bennisonn, and Casson, 1984). There can be many different reasons for taking decisions regarding staying or not to staying with an organization. The loss of an organization's employee can be divided into three

broad groups, induction crises, natural wastage, and retirement. The reason for the induction crisis can be found in jobs not fulfilling employees' expectations. And it happens within very short period of time. There is a strongly held belief that the rate of natural wastage responds to the level of morale within the organization. This is broadly true but there is an overriding factor that operates first: the level of vacancies in the labour market for the occupation under study is a much more important variable. Retirement can be predicted with a reasonable degree of accuracy. Retirement rules are usually based on age or lengths of service or a combination of both (Bennison, and Casson, 1984).

The labour turnover is a social process with three distinct phases; most of the employees tend to leave during initial period of employment, this is the period of induction crisis, during which labour wastage quickly reaches the peak and then falls as the starters begin to settle down. This is followed by a period of differential transition during which the staff turnover declines. In the third phase is the period of settled connection when those still remaining in the organization become quasi-permanent employees. These phases show the magnitude of turnover problem (Staw, 1980). Staff turnover varies widely between organizations but generally, the rate of turnover goes down as the length of service increases, thus manager's awareness of the wastage patterns in their organization is important. An analysis of labour mobility is a vital part of the management process. This involves obtaining and recording the number of people leaving and why they are leaving. If managers fail to analyze turnover they would be overlooking an important factor (Warner, 2005). Some level of employee turnover is desirable because if all employees stayed and the organization grew steadily, most employees would be on top of their salary ranges and the salary expense would be extremely high. Turnover is also desirable because new employees bring with them new ideas, approaches, different abilities and new attitudes, which keep the organization from stagnation (Cascio, 1982).

### **1.1.3 Zain Kenya Limited**

Zain is a leading emerging markets player in the field of telecommunications aiming to become one of the top ten mobile operators in the world by 2011. Zain was established in 1983 in Kuwait as the region's first mobile operator. Since 2003, it has grown significantly becoming the 4th

largest mobile network in the world in terms of geographic presence with a footprint in 22 countries spread across the Middle East and Africa providing mobile voice and data services to 66.3 million active customers (as at 30 September 2009). Zain operates in the following countries: Bahrain, Burkina Faso, Chad, the Republic of the Congo, the Democratic Republic of the Congo, Gabon, Iraq, Jordan, Kenya, Kuwait, Malawi, Madagascar, Niger, Nigeria, Saudi Arabia, Sierra Leone, Sudan, Tanzania, Uganda and Zambia. In Lebanon, the company manages the network on behalf of the government operating as MTC-touch. The Zain brand is wholly owned by Mobile Telecommunications Company KSC, which is listed on the Kuwait Stock Exchange (Stock ticker: ZAIN). The company had a market capitalization of over US\$ 33.4 billion on 30 September, 2009. Zain, the 24-year old Kuwait-based mobile telecommunications company seems to work on a basic philosophy "You are never too old to dream a new dream". If "dreams are today's answers to tomorrow's questions." Zain's answer today to global competitiveness is an enviable vision of making itself the first communications company in the world to enter the global list of top 100 companies.

Zain hopes to become a global wireless operator plan by 2011 through executing its focused 3x3x3 profitable expansion plan. The 3x3x3 plan seeks to make Zain a global player in three stages: regional, international and global, with each stage completed in three years, with an aim of reaching a subscriber base of 100 million. Thus what the company aims to achieve in two years, other companies have taken more than 27 years to achieve. The Company aspires to enhance its client base in operational stages of expansion. In 2003, the company was operating in Kuwait alone; now it is operating in 22 countries. With a modest beginning, today Zain has metamorphosed into a big corporate entity employing 13,500 employees serving over 36.47 million customers in seven Middle Eastern and now a major player on the African continent with presence in 15 sub-Saharan African countries. At Zain, simplicity is the soul of strategic management. It focuses on "combining value creation" and "internal growth" from existing operations.

Zain Kenya was previously known as Celtel Kenya which was launched in 2000 under the brand name Kencell, then 40 percent owned by Sameer Group and 60 percent owned by Vivendi

Telecom International. In May 2004, Celtel International bought out Vivendi Telecom International, renaming the company Celtel Kenya. The process of re branding to Zain began in 2008 after Mobile Telecommunications Company bought an 85 percent stake in Celtel International in May 2005. In Kenya, Zain repainted bus stops and erected billboards and buildings to signify the new beginning for the mobile-phone provider to cement Zain as a leading global mobile operator that provides professional, world-class mobile and data services to all our customers, wherever they are worldwide. And we aim to achieve this by exceeding our customers' expectations, rewarding our employees, and providing returns beyond reasonable expectations for our shareholders. Zain Kenya is the second largest mobile company in Kenya next to Safaricom. The subscriber base stands at six million at the moment. The company is under Rene Meza leadership working hand in hand with other directors. The company has employed 321 permanent staff and 500 on contracts. The employees are distributed across all the departments namely; Customer service, Sales and marketing, Human resources, Information technology, Network management, Finance, Corporate affairs and general management.

## **1.2 The statement of the problem**

Organizations operating in the private sector like Zain Kenya limited are facing greater competitive pressure in their product markets leading them to search for ways of reducing their costs while retaining or improving the levels of quality they achieve. The trouble is that those pressures are being faced simultaneously with tighter labour market conditions, making it difficult for employers to recruit, retain and motivate the staff without substantially increasing pay levels. Turnover is major challenge which has received considerable attention by senior management, human resource professional and industrial psychologists. It has been proven that turnover is one of the most costly and intractable human resource challenge facing the organization. In their study of turnover, (Morrel et al, 2001) focused on how turnover is manifested and its consequences measured. However, this study did not address factors that may be associated with labour turnover and also it was based on one organization thus making it hard to generalize the findings to other organizations.

The success or failure of an organization depends to a large extent, on the ability of the company

to attract and retain the right people for the job. However, an organization's ability to retain its employees is a function of many factors (Mungumi, 2000). Several studies have been done on labour turnover especially in the western countries such as United Kingdom. However, there have been conflicting results as to what these factors are and how much each contributes to the turnover incident. For example, (Viscusi and Khan, 1979) argues in their findings that there is significant inverse relationship between wages and turnover, while other researchers argue otherwise (Martin 1998). From the previous research findings (Freeman, 1980) it was found that labour is related to certain industrial, economic and demographic factors such as age, sex, education, ethnicity and length of service among other variables.

During the past periods Zain Kenya limited has had a high rate of employee turnover, more than 200 employees left Zain in a period of four years (Human resource records as at 2009). This trend is more worrying especially in this competitive era. However, no research or study has been conducted to establish the reason(s) for exit neither mechanisms being put in place for instance exit interviews to capture valuable information that facilitate employee retention. This study therefore seeks to establish factors that influence labour turnover at Zain Kenya limited and devise strategies of reducing this turnover rates. The researcher seeks to answer the following research question: What are the factors that influence labour turnover at Zain Kenya Limited.

### **1.3 Objective of the study**

The objective of this study is to establish the factors that influence labour turnover at Zain Kenya Limited.

### **1.4 Significance of the study**

The study will provide Zain Kenya management with an in-depth understanding of factors that influence labour turnover in the organization and devise strategies of retaining employees. This will help the management to manage employee better thus reducing the rate of labour turnover in the organization. The study will provide human resources planners within the private sector to



gain a better understanding of employees leaving employment hence enabling them to plan for the human resources requirement in their organizations.

The study will add knowledge in the academic community and stimulate further research in the field of labour turnover in other sectors of the economy. The study will aim to make contributions towards filling the gaps in the availability of sustainable literature on labour turnover. The findings will stimulate and provoke further studies and debate among academicians and researchers working in the field of human resource management. The study will also contribute to the existing body of knowledge on practices, uses and management of labour turnover in organizations.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 The concept of labour turnover

Flippo, (1984) defines turnover as the movement into and out of an organization by the workforce and therefore being the index of stability of that particular workforce. Labour turnover has also been defined as the rate at which employees leave an organization, either voluntarily or involuntarily. Voluntary turnover is when employees having an option to remain with the present employer opt to leave while on the other hand, involuntary turnover occurs when employees are separated from their employer for reasons outside their control such as retrenchment, dismissals, sickness and death. An excessive movement is undesirable and expensive. When an employee leave the firm, such costs as increased scrap and waste rates, increased overtime, hiring costs, training costs, higher accident rates, reduced production are usually involved. Greater appreciation of the significance of these costs has stimulated considerable managerial interest in the problem of labour turnover. In a survey of 24 California firms, the greatest turnover costs issued from lost production while the position was vacant and the substandard production of the replacement while learning. These were estimated to be 70 percent of the total. Next in order of significance were costs of supervision, employment, formal training, taxes and exit procedure. (Vandenberg and Nelson, 1999) argued that turnover is an index of organization effectiveness and warrants attention and understanding per se. Therefore management of turnover may have the greatest organization benefit where it is targeted at encouraging the retention of valued employees or where the opportunity for change in personnel is capitalized upon ineffective employees can be replaced with more effective employees .

Every time an employee leaves his or her employer, there are either negative or positive consequences to the organization. Mungumi, (2002) in her study outlined the following as consequences of labour turnover: hiring costs involving time and facilities for recruitment, interviewing and examining a replacement, secondly, the scrap and waste climb when new employees are involved: thirdly, overtime pay may result from excessive number of separations causing trouble in meeting contract delivery dates and fourthly, training costs involving the time of supervisors, personnel departments and trainee. Other reasons include; higher accidents rates for new employees, loss of production in the interval between separation of old employees and

replacement, lack of utilizing the production equipment during the hiring interval and the training period, administrative costs of removing from and adding to payroll, loss of highly qualified employees, reduced commitment to those employees who have the potential for advancement deprives the organization for future opportunities for promotion from within. The positive consequences of labour turnover are: less stress and better use of skills and renewed interest in work for those who leave, financial advancement, increased innovation, cross breeding between old and new employees, separation creates opportunities to hire from diverse background and to redistribute the cultural and gender composition of the workforce, career opportunities elsewhere for those who leave, reduced labour costs, replacement of poor performance, infusion of new knowledge by new employees, stimulates change in bad policies and increased satisfaction for those who stay (Clowe, 1972).

In dealing with separations from the firm, the objective is not their total elimination. According to (Flippo, 2004) some losses are functional to the firm that employees leaving can be replaced with higher quality types. In one instance, a high 32 percent annual turnover was further analyzed to discover that only 18 percent was undesirable to the firm. When this 18 percent was analyzed to determine if any were unavoidable the figure was further reduced to 9 percent unavoidable losses were attributed to summer employees, those leaving for educational purposes and employees with health and family problems. Separations can produce values to the organization in the form of new ideas entering the enterprise, possible higher quality being added, highly paid persons being replaced by lower-paid entrants. Nevertheless any movement in or out of the organization produces many costs as listed above (Branham, 1997).

The common index of labour performance used in organization is labour turnover. This provides information about ratio of leavers to the average number employed during the year as a percentage. A turnover rate of 25 percent would be considered perfectly satisfactory by most firms. A turnover rate of 100 percent can be considered major problem (Cole, 2002). No workforce is completely static, there are always some people leaving and entering the organization, even if the bulk of the workforce is stable. Thus the supply of labour is matched with the demand forecast for labour in various categories. The overall outcome is the supply available more or less matches the forecast of demand by staff category; the supply exceeds

forecast requirements in one or more categories or the supply falls short of requirements in one or more categories (Freeman, 1982). The third outcome is likely to apply to most organization like Zain most of the time that is to say there are always short of appropriately qualified personnel in one part or another of the business. The case of Zain Kenya is an outright example. If people are constantly leaving it is not possible for the organization or its units to achieve an acceptable level of stability to ensure continuity of operations

## **2.2 Perception of Employees on labour turnover**

Talented workers want to feel they are being paid comparably to what other companies pay for similar work in the industry. Equity Theory recognizes that individuals are concerned not only with the absolute amount of rewards for their efforts but also with the relationship of this amount to what others receive (Robbins, 1999). They also care about being paid equitably with others in similar positions making comparable contributions. When these two conditions exist along with interesting and meaningful work, acceptable working conditions and good management practices, the prospect of making a little more money in an another organization where these softer factors are unknown is usually not enough to pull the employee away (Fisher, 2004). Although many companies use contract employees to address fluctuations in business, working side by side with someone who is making twice the rate of pay without any commitment or loyalty to the company can be a real morale killer. Keeping good employees has more to do with how organization manages than what they pay. They stay or leave sometimes based on their relationship with their manager and their opportunity to both contribute and advance in their job. One recent study showed that 50 percent of the typical employee's job satisfaction is determined by the quality of his or her relationship with the manager. Reducing turnover also starts with commitment of top executives (Branham, 1997).

Work environment is another important factor, which has influence on job retention. Study found that politics-free work environment is significantly correlated to job satisfaction of employees (Pahik and Pesonjee, 1997). Current thinking suggests that organizations should aim for an optimal rate of turnover rather than the lowest possible rate. One scholar suggests that the optimal rate occurs where the curve of turnover costs crosses the curve of retention costs. So

organization can reduce turnover, but only by incurring retention costs, such as higher salary, better benefits, quality-of work-life and development programs, and so on (Fisher, 2004). In addition, employees should give opportunities to fulfill their increasing demand, a balance between work and family life. The phenomenon of labour turnover is of great interest to organizations and theorists because it is significant (Price, 2001) and potentially costly (Mobley, 1982). Thus no employer can ignore the issue of labour turnover within organization since the costs of labour turnover make up the largest portion of operation costs of business and organization. This makes manpower planning in an organization imperative. This is because there's a great cost if highly qualified, experienced and trained employees leave. In reviewing and monitoring turnover, the management can be in position to improve on these factors hence managing labour turnover. Regardless of good planning, organization can't retain all their employees since in reality; staff wastage has to occur through retirement, transfers, dismissals and natural deaths and resignations (Clowe, 1972).

Again, employment turnover costs in many organizations are very high and can significantly affect the financial performance of an organization. It is possible, though not easy, to put figure on these costs to estimate the actual dollar loss from departure of an employee (Cascio, 1991). Turnover costs like direct include recruitment, selection, and training of new personnel, which process takes much time and also expenses. Turnover costs like indirect include such things as increased workloads and overtime expenses for coworkers, as well as reduced productivity associated with low employee morale. This situation might lead one to believe that all turnovers are dysfunctional and that the lowest possible rate of voluntary turnover would be best. However, this is not necessarily true. Turnover also has benefits. An organization with a turnover rate that is too low may become stagnant and hidebound, lack of opportunities for employees to move up, and retain poor performers it would be better off without (Fisher, 2004). Organization need to calculate cost and benefits of voluntary turnover and balance with the organizations overall strategy.

Separation can be classified by department, reasons for leaving, length of service and other personal characteristics such as age, sex marital status, home ownership and amount of insurance. High turnover from certain department in working departments suggests a need for

improvement in working conditions and or supervision. Reasons given for leaving must be analyzed carefully to ascertain their truth. Because of difficulty of getting real answers from exit interviews, a few firms try to elicit them by questionnaire after the exiting employee has had time to procure another position (Campion, 1991). Analysis of length of service often indicates that a large percentage of voluntary quits occur in the first six months of employment, a fact that suggest that errors in placement and orientation. In a statistical study of quits and stays in a relatively routine clothing-manufacturing job, one firm discovered that a stable employees( in relation to turnover) were over the age of 29 at hiring, owned their own homes, had prior work experience and had more than 9 years of formal schooling. Other things being equal, the stable employee is preferred during the hiring process (Griffeth, 1995).

High turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations or poor candidate screening). Low turnover indicates that employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. Many psychological and management theories exist regarding the types of job content which is intrinsically satisfying to employees and which, in turn, should minimize external voluntary turnover. Dismissals should also depend negatively on the cost of monitoring since firms with high monitoring costs would be expected to monitor their workerless intensely. Employees resign for many different reasons. Sometimes it is the attraction of a new job or the prospect of a period outside the workforce which 'pulls' them; on other occasions they are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment ((Woods and Macaulay 1989). Sometimes it is a mixture of both pulls and push factors. For a fourth group reasons for leaving are entirely explained by domestic circumstances outside the control of any employer, as is the case when someone relocates with their spouse or partner. It is important to appreciate that the reasons people give for their resignations are frequently untrue or only partially true (Taylor, 2006). The use of exit interviews is widespread yet they are notoriously unreliable, particularly when conducted by someone who may later be asked to write a reference for the departing employee. They are reluctant to voice criticism of their managers, colleagues or the organization generally, preferring to give some less contentious reason for their departure. (Robbins, 2005)

The major methods of costing employee turnover are described above. Obtaining accurate information on reasons for leaving is harder. Where exit interviews are used it is best to conduct them a short time after the employees hand in their notice. The interviewer should not be a manager who has had 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. Alternative approaches involve the use of confidential attitude surveys which include questions about intention to leave and questionnaires sent to former employees on a confidential basis around six months after their departure. (Taylor, 2002)

### **2.3 Factors affecting the labour turnover**

Dissatisfaction with career prospects is a major cause of turnover. More and more people need to develop their careers and need to move on, and there is little employers can do about it, especially in today's flatter organization and promotion prospects being so limited. These are the individuals who acquired portfolio of skills and may consciously change direction several times during their careers (Armstrong, 2004). To a certain degree, employers should welcome this tendency of an idea of providing 'cradle to grave' careers is no longer as relevant in the event of changeable job markets of today, and this self-planned, multi-skilling provides for the availability of a greater number of qualified people that there is still everything to be said in most organizations for maintaining a certain workforce and in this situation employers should still plan to provide opportunities for growth.

Lack of opportunity for advancement through seniority or otherwise may result in dissatisfaction that simmers in an employee's mind until he or she finally quit. In the case of jobs having no real future, applicants should receive a full explanation before they are hired. If an organization doesn't have chances for promotion of their employees, they may quickly lose this resource to others. Promotion chances are the degree of potential occupational mobility within an organization (Price, 2001). Promotional chances reduces turnover since an employee can stay on hopefully eyeing a vacancy. Promotion of staff is motivator in the sense that an employee is satisfied even as he performs his duties. With job satisfaction turnover is highly reduced (Cascio, 1982).

Inadequate selection and deployment methods may cause unrest and dissatisfaction among new employees (Armstrong, 2004). Employees may be placed in jobs that are too difficult or their skills may be inadequate. In either case new employees may become discouraged and may quit in the hope of obtaining more suitable employment elsewhere. Rapid turnover can result simply from poor selection or promotion decisions. It is essential to ensure that selection and promotion procedures match the capacities of individuals to the demands of the work they have to do. The process through which employees are hired can be a major source of staff turnover, keeping staff turnover low begins with hiring employees who are good match for the practice and the position. In hiring practices like making reference checks, finding out why the employee left the previous job and ensuring that a candidate skill matches the job description, the organization settles for an employee who can serve longer (Capko, 2001).

Inadequate information about jobs or the requirement of the employees needed to fill jobs satisfactorily may result in hiring under-qualified or over-qualified employees. Then employees may become discouraged and quit. Job dissatisfaction results if jobs are unrewarding in themselves. Jobs should be designed to maximize skills variety, task significance, autonomy and feedback, and they should provide opportunities for learning and growth. Employees can be demotivated if they are unclear about their responsibilities or performance standards, are not informed about how well they are doing, or feel that their performance assessment are unfair. The absence of distribution justice in an organization can easily cause turnover. Distributive justice is the extent to which rewards and punishments are related to job performance. When good performance is rewarded distributive justice is high and this reduces turnover because of its positive impact on job satisfaction and organization (Price, 2001).

Dissatisfaction and conflict with managers and supervision is a common reason for resignation. A feeling that management in general, or individual managers and team leaders in particular, are not providing the leadership they should or are treating people unfairly or are bullying their staff can lead to a high rate of employee turnover. Inadequate or poor supervision is a frequent cause of turnover. Employees need guidance, especially when they are new on the job. Lack of good supervision at this critical time often results in termination (Armstrong, 2004).



Inadequate or unsound wage classification structure may cause dissatisfaction and may result in termination. Pay problems arise because of uncompetitive, inequitable or unfair pay systems. New employees often wonder why they receive less money than an associated that is apparently performing the job functions. Voluntary turnover is mostly by those in search of higher pay. When the economy is doing well, exit interviews show that people resign for better pay elsewhere. In a well performing economy the availability of alternative jobs plays a major role in the staff turnover (Herbert, 1983).

Resignations and turnover can increase if people are not trained properly, or feel that demands are being made upon them which they can reasonably be expected to fulfill without proper training. New employees can suffer induction crisis if they are not given adequate training when they join the organization. Lack of a well-organized training program may result in loss of employees. If employees are not properly trained on their new jobs, they may think they are not progressing rapidly enough and that advancement is slow (Forrier, 2003).

Lack of proper facilities and appropriate services such as adequate employee changing rooms, dining areas, child or parental care, selective health benefits and other health and safety provisions are major causes of turnover and absenteeism. Many employees both men and women have dual responsibilities of jobs and home. These matters should be considered by management. Inadequate community facilities such as housing, transportation, childcare, shopping, laundry, banking and recreation are causes of turnover. This is especially true of immigrants who may quit soon after they are hired if they are unable to cope with housing institution in the community. They may return to their former homes and be lost to the community as well as your business (Pettrilose, 2002).

One other reason why employees may want leave is the organization performance. An organization that is perceived to have economic difficulty may want to lay off employees. In response to such a move the employees may opt to look for employment elsewhere. Organizations that lack a sense of commitment will easily loose employees; the problem is compounded if the employees move to a competitor (Armstrong, 2004). Where there are no shared goals, employees may not clearly understand how their input contributes to continued performance of the firm. Such employees may opt to work where their input is appreciated.

Characteristics of a job may enhance turnover in that some jobs are more attractive than others. Job attractiveness is affected by factors like repetitiveness, challenge, danger, perceived importance and capacity to elicit a sense of accomplishment (Herbert, 1983).

Part of turnover may be due to inadequate efforts by firms to orient their employees. Preliminary investigation shows that a new employee is confronted with many unknown situations on the first day of work. The environment is unfamiliar, employed by a firm with unknown demand and surrounded by employees whom he knows very little about (Forrier, 2003). The new employee needs acceptance, respect, security and feel important. The manager can help remove the unknowns and gain confidence of the employee through careful orientation to the new job and fellow workers. This will help new employees to settle faster and reduce turnover.

Job stress can be a major cause of turnover. This is the extent to which job duties are difficult to fulfill. There are four types of stress namely; resource inadequacy (lack of means to perform the job); role ambiguity (unclear job obligations); role conflict (inconsistent job obligation) and work load (amount of effort required by a job (Price, 2001). Lack of support from fellow employees can easily cause turnover. All staff members need to support each other however the efforts of some employees deteriorate without anyone realizing (Capko, 2001). In some organizations, employees focus solely on their work as a team. Some employees who are left on their own can easily burn out without anybody realizing. Burn out can be a major cause of staff turnover.

Lack of autonomy in the workplace can cause staff turnover. Autonomy is the degree to which employee exercises power relative to his or her job (Price, 2001). This is not true in many organizations since many managers tend to remain assertive and directive on what an employee should be doing on a day to day basis. This often kills the morale of many employees and often many opt to move out. Unsatisfactorily working conditions or surrounding, may discourage new employees, unless adequate compensation is made to offset the conditions and a full explanation is given to new employees when they are hired. Poor working conditions and lack of corresponding inputs also contribute to the disillusionment of workers.

## 2.4 Cost of labour turnover

High turnover is costly to all profit-making organization. Zain Kenya being one of them. The most obvious costs associated with turnover are shillings spent on recruiting and training replacement and money paid to hire expensive "subs" from temporally help agencies to fill in when facilities are short-staffed. The cost of recruiting and retaining a frontline customer care executive (Zain entry position) has been estimated to be four times the employee salary. The cost moreover does not include the costs associated with lost productivity (Atchely, 1996) or the cost of attrition that occurs between interviewing, hiring, training and long-term retention.

There are more hidden costs associated with turnover as well. If an organization did not have to spend considerable time and money finding replacements workers e.g. it could devote resources and energy in new directions. This hidden cost of turnover is one that often gets overlooked when considering strategies to reduce turnover. If less were spent dealing with turnover, organization could actually focus on increasing productivity and improving customer satisfaction. It results in higher long-term profitability and improved quality of service.

Other costs include additional record keeping for personnel and fiscal times; possible service breakdowns reduced job satisfaction of existing employees among others. Turnover is an important measure. However, given its correlation with a wide variety of job experience and quality of service issues, it is still an important one for working at stability of jobs in the telecommunication sector. It is a common useful benchmark in assessing the quality of employment in mobile company (White, 1994).

## 2.5 Measuring labour turnover

Turnover is often not measured in a sophisticated enough manner to enable discrimination between cases where employees have chosen to leave and cases why have had to leave for reasons out their control. Often organization use relatively crude measures of turnover such as the turnover index (often referred to as the employer or labour wastage rate) is traditional formula for measuring wastage.

Number of leavers in a specific period (usually one year)\*100

### Average number of employees during the same period

This method is in common use because it is easy to calculate and understand. However, it can be misleading. The main objection to the measurement of turnover in terms of the proportion of those who leave in a given period is that the figure may be inflated by the high turnover of a relatively small proportion of the workforce, especially in times of heavy recruitment. (Armstrong, 2004)

The stability index is considered by many to be an improvement on the turnover index. The formula is

Number with 1 year's service or more \*100

Number employed 1 year ago

This index provides an indication of the tendency for longer service employees to remain with the company, and therefore shows the degree to which there is a continuity of employment. This too can be misleading because the index will not reveal the vastly different situations that exist in a company or department with a high proportion of long-serving employees in comparison with one where the majority of employees are short service (Fisher, 1998).

Length of service analysis is still fairly crude, because it deals only those who leave. A more refined analysis would compare for each service category the numbers leaving with number employed. Another method of analyzing turnover which is particularly useful for human resource planners is the survival rate; this is proportion of employees who are engaged with certain period who remain with the organization after so many months or years of service (Mobley, 1982). Simpler concept derived from survival rate analysis is that of the half-life index, which is defined as the time taken for a group or cohort of starters to reduce to half its original size through the wastage process. Comparisons can then be made for successive entry years or between different groups of employees in order to show where action may have to be taken to counter undesirable wastage trends (Armstrong, 2004).

## **2.6 The challenge of labour turnover**

Most organizations do not track the costs of turnover, because turnover itself, as well as its associated costs, can be difficult measure. Turnover rates can be deceiving and deserve some clarification. Even a single rate of 100 percent turnover can mean quite different things. Whereas abstract models of “turnover rates” influencing “staffing rates” or “head counts” may provide organization with sufficient number (an efficiency measure), the potential of a more comprehensive understanding of turnover within organization lies in the ability to manage turnover effectively.

However, there are problems implicit in gaining such an understanding. Even setting aside the notion of voluntariness, confusion can surround the determinant of decisions to quit or reasons (Campion, 1991) and other relationally defined aspects such as avoidability (Abelson, 1987). In spite of this, turnover rates remain an important aspect on job quality and workforce instability among workers.

## **2.7 Strategies for improving retention or reducing turnover**

The retention plan should be based on an analysis of why people leave. Exit interviews may provide some information but they can be unreliable because people rarely give the full reasons why they are going (Freeman, 1982). A better method is to conduct attitude surveys at regular intervals. The retention plan should address each of the areas in which lack of commitment and dissatisfaction can arise. Improving wage differentials through reviewing pay levels on the basis of market surveys, introducing job evaluation or improving an existing scheme to provide for equitable grading decisions, ensuring that employees understand the link between performance and reward, reviewing performance-related pay schemes to ensure that they operate fairly, adapting payment-by-results system to ensure that employees are not penalized when they are engaged only on short runs, tailoring benefits to individual requirements and preferences and involving employees in developing and operating job evaluation and performance-related pay systems. Highly paid workers are less likely to leave than their lowly paid counterparts. Higher paid workers are likely to put efforts more in their jobs in terms of time, dedication and initiatives providing better services to the employer (Herbert, 1983). Improving employee

benefits will to a great extent reduce the employee turnover. The lack of affordable health insurance and other benefits makes it difficult for professional to stay in their jobs. Making these benefits available will increase the chances that dedicated staff will be able to continue working in the field.

Increasing training opportunities for employees will make them feel valued by the employer thus making them loyal to the organization. When companies do not invest money and time to train their employees, they send the message that the workers are not valued and are dispensable. Agencies should provide adequate orientation for new staff and support ongoing training for long-term staff. Better training will also enhance the service delivery. Learning programs and training schemes should be developed and introduced which give employees the competences and confidence to achieve expected performance standards, enhance existing skills and competences, help people to acquire new skills and competence so that they make better use of their abilities and ensure that new employees quickly acquire and learn the basic skills knowledge needed to make a good start in their jobs (Armstrong, 2004).

Creating career ladders for employees and providing opportunities for employee growth and development would help to reduce high cases of employee turnover. When organizations do not create career ladders then committed and experienced workers believe that their hard work and experience is worthless. Employees will gain from opportunities for career growth and advancement within the organization as well as across continuum of long-term services (Atchely, 1996). Employees can be demotivated if they are unclear about their responsibilities or performance standards, are uninformed about how well they are doing, or feel that their performance assessment are unfair. Possible actions to be taken include; expressing performance requirement in terms of hard but attainable goals, getting employees and managers to agree on those goals and the steps required to achieve them and encourage managers to praise employees for good performance but also get them provide regular, informative and easily interpreted feedback-performance problems should be discussed as they happen in order that immediate corrective action can be taken (Flippo, 1984).

Employee commitment can be increased by explaining the organization's mission, values and strategies and encouraging employees to discuss and commit on them, communicating with

employees in a timely and candid way, with emphasis on face-to-face communication, constantly seeking into account the views of people at work. providing opportunities for employees to contribute their ideas on improving work systems and introducing organization and job changes only after consultation and discussion(Armstrong,2004). A common reason for resignation is the feeling that management in general, or individual managers and team leaders in particular, are not providing the leadership they should or are treating people unfairly or are bullying their staff. This problem should be remedied by selecting managers and team leaders with well-developed leadership qualities, training them in leadership skills and in methods of resolving conflict and dealing with grievances and introducing better procedures for handling grievances and disciplinary problems, and training everyone in how to use them (Herbet,1983).

## **2.8 Summary**

Various studies have been done on labour turnover. These studies have concentrated on measurement of labour turnover, its manifestations and consequences on human resources. Thus, what has been largely documented are the number of staff leaving organization and not the factors that are associated with their exit. Besides the fact that Zain Kenya Limited has had a very high rate of employee turnover, no study has been done to establish the reasons for their neither exit nor mechanisms put into place to curb this high rate of turnover. Thus this study seeks to identify these factors in order to establish the extent to which specific factors are important and help the management to devise strategies of reducing turnover or retaining employees.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.0 Introduction

This chapter sets out the research methodology used to meet the objectives of the study. It included the research design, the population and sample size of the study, data collection instruments and data analysis.

### 3.1 Research design

The research design of this study was survey on labour turnover at Zain Kenya limited. The survey was used because it was more suitable in gathering and organizing information on a particular issue with a view of seeking patterns or theories in the data (Kothari, 2004). The study design was selected because it gave a broader account of factors that influence turnover in the organization.

### 3.2 Target population

The target population included management and other subordinate staff in the organization. Employees in all the departments were targeted. The total number of staff in the organization is 321. The population will be stratified into various departments and 30% of each department was target population. A total number of 97 respondents were targeted and stratified random sampling method used to select the respondents. This method was the most suitable since the population was heterogeneous.

Table 3. 1: Target population at Zain Kenya Limited

| Department       | Number of employees | Percentage | Target Population |
|------------------|---------------------|------------|-------------------|
| Customer Service | 70                  | 30%        | 21                |
| Sales            | 55                  | 30%        | 16                |
| Marketing        | 22                  | 30%        | 6                 |



|                            |     |     |    |
|----------------------------|-----|-----|----|
| Finance                    | 35  | 30% | 12 |
| Human Resources Management | 20  | 30% | 6  |
| Technical                  | 42  | 30% | 12 |
| Network management         | 39  | 30% | 12 |
| Corporate affairs          | 16  | 30% | 6  |
| General Management         | 22  | 30% | 6  |
| Total                      | 321 |     | 97 |

### 3.3 Data collection

Primary data was collected by the use of questionnaires. The questionnaires were self administered. It comprised of both open and close ended questions. It was divided into two sections; section A to capture information on respondents and the organization and section B to seek information on work related issues. The use of questionnaire was selected because took less time to administer and collect as opposed to other methods such as interviews. The exit interview records (secondary data) was used to gather information on labour turnover on the employees who have already left the organization.

### 3.4 Data analysis

Before analysis, the data was checked for completeness and consistency. Factor analysis will be used to analyze the data. Factor analysis is a statistical method used to describe variability among observed variables in terms of potentially lower number of unobserved variable called factors. It sought to reduce the number of variables and to detect structure in the relationships between elements in an analysis. The SPSS statistical computer package was used in the analysis.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION OF FINDINGS

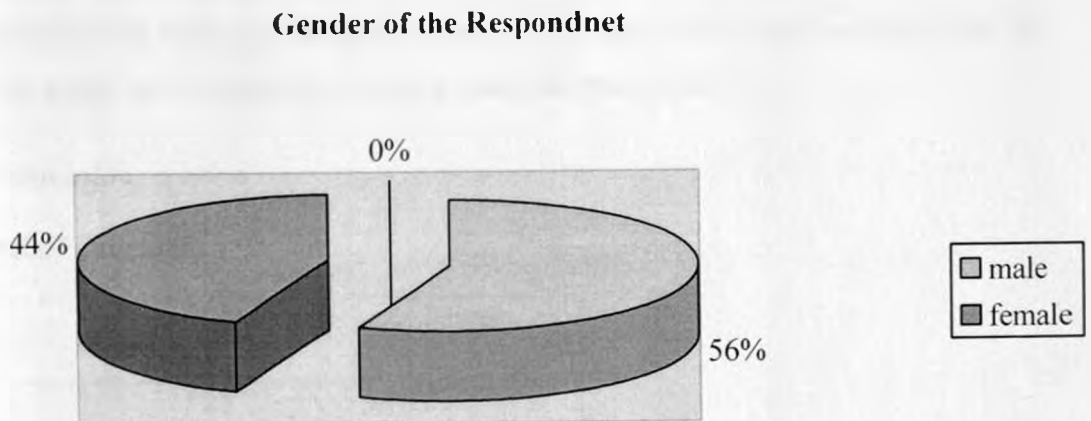
#### 4.1 Introduction

This chapter presents the discussion and conclusion of the study. From the study, the target population was 97 respondents. 80 respondents responded and returned the questionnaire .This constituted 82.5% response rate.

#### 4.2 General Information

##### Gender of the Respondent

Figure 4. 1: Gender of the Respondent



The study sought to find the gender of the respondent. From the findings Majority 56% of the respondents were male while 44% were female .This clearly indicates that Zain Kenya recruit male and female and that management of the company embrace the contribution of male and female in their operations.

#### 4.1.1 Age of the Respondents

Table 4.1: Age of the Respondents

|             | Frequency | Percent |
|-------------|-----------|---------|
| 21-30 years | 18        | 22.5    |
| 31-40years  | 55        | 68.8    |
| 41-50years  | 7         | 8.8     |
| Total       | 80        | 100.0   |

The study sought to find the age of the respondents as indicated in the Table 4.1 . From the findings majority 68.8% of the respondents were aged between 31 -40 years , 22.5% of the respondent indicated that their age ranged between 21 – 30 years of age while 8.8% of the respondents indicated that their age ranged between 41-50years.This clearly indicated that the staff in Zain were adult and information they gave made the study valid.

#### 4.1.2 Level of education

Table 4.2: Level of education

|               | Frequency | Percent |
|---------------|-----------|---------|
| Diploma       | 25        | 37.5    |
| post graduate | 50        | 62.5    |
| Total         | 80        | 100.0   |

The respondents were requested to indicate the level of education they attained as indicated in the table 4.2 . From the findings majority 62.5%, of the respondents indicated that they were post degrees while 37.5% of the respondent had diploma level of education .This implies that the company recruited educated staff in it operations.

#### 4.1.3 Department which the Respondent work in Zain limited

The study sought to find the department in which the respondents worked in. From the findings respondents indicated that they worked in different departments which included networking, Human resources, customer service, Information Technology, Finance departments and public relation.

#### 4.1.4 Respondents working period in Zain

The study sought to investigate the period of time the respondent had worked with Zain Kenya limited. From the findings majority 56 % of the respondents indicated that they had worked in the company for 4 years. 26% of the respondents had worked in the Zain Kenya Limited for 3 years. 11 % of the respondents indicated that they had worked with the company for 4 ½ years while 7% of the respondents indicated that they had worked with their company for 10 years. This implies that majority of the respondents had experience on issues concerning high labour turnover facing the Zain Kenya Limited.

#### Range of basic salary earned

Table 4.3: Range of basic salary earned

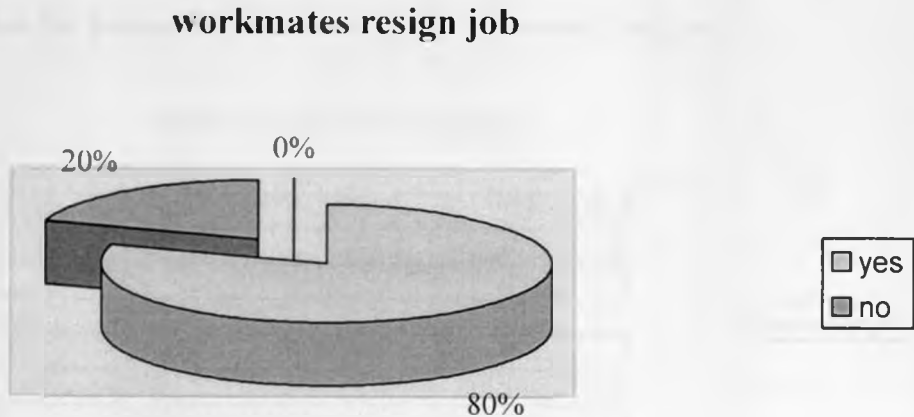
|                  | Frequency | Percent |
|------------------|-----------|---------|
| 50,000 and below | 7         | 8.8     |
| 51,000-70,000    | 53        | 66.3    |
| 71,000-100,000   | 18        | 22.5    |
| 101,000-150,000  | 2         | 2.5     |
| Total            | 80        | 100.0   |

The respondents were requested to indicate the range of their basic salary in Kenya Shillings in Table 4.3. From the findings majority 66.2 % of the respondents indicated that their basic salary range between Kshs 51,000-70,000, 22.5% of the respondents indicated that their basic salary

range between Kshs 71,000-100, 000. 8.8% of the respondents indicated that their basic salary was Kshs 50,000 and below while the 2.5% of the respondents indicated that their salary range between Kshs 101,000-150,000. This indicates that the staff in the company were not remunerated at equal basis.

#### 4.1.5 Resignation of the Staff

Figure 4.2: Resignation of the Staff



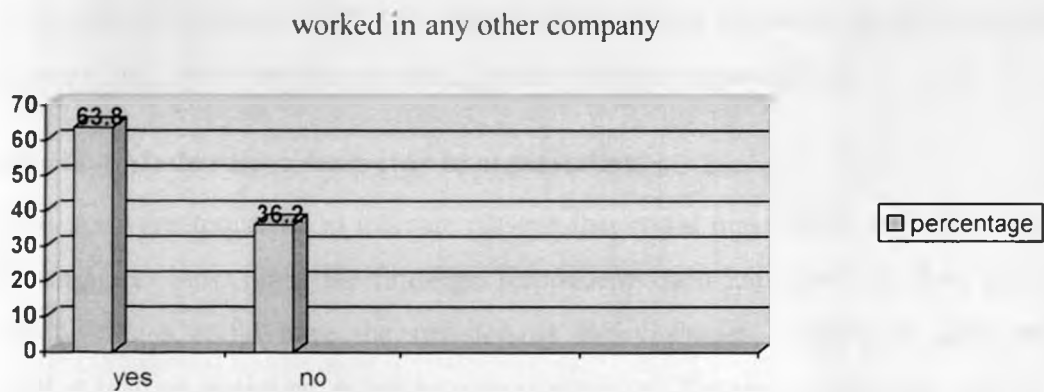
The study sought to investigate whether there were employees who had resigned in the last five years. From the findings majority 80% of the respondents indicated that in the last five years there were some employees who had resign their job while 20% of the respondents indicated that there were no employees resigned from job in the last five years. This clearly indicated that they had been staff in the company who had resigned. The respondents were further requested to indicate approximate number of workmate who had left the company. The study found that approximated number of the employees who had left their job in the last five years were approximately 600. This implies that the labour turnover rate at the company is high in the company.

The study sought to investigate the reasons that make the employees to leave their jobs in the last five years. From the findings most of the respondents indicated that their workmates had left

their respective jobs interact of better paying jobs. other indicated that their workmate were fired after due to conflict with managers. lack of growth or stagnation in same position for many years. low salary in comparison to employees in other organizations in same position. working in shifts especially till late at night as well as lack of career growth /progression. The respondents also indicate that the company was right sizing in March 2008 while others had moved due to promotion to other level of departments in different organizations.

#### 4.1.6 Whether the Respondents had worked in Different Company

Figure 4.3: Whether the Respondents had worked in Different Company



The respondents were requested to indicate whether they had previously worked in another company before joining Zain. From the findings majority 63.8%. of the respondent had worked in another company while 36.2% of the respondent indicated that they had not worked in another company before joining this organization. This clearly indicated that the company had experience high labour turnover.

The study further requested the respondents to give reasons why left the organization they working for and joint current one. From the findings majority of the respondents they left the company they were working for due to lack of career growth, looking for well paying jobs, the need for more challenging roles and others indicated that it was due to underemployment. The study also found that other on Contract basis and working under poor working conditions for example conflicting with the management.

#### **4.3 Factors that can make one quit the current job**

The study investigated the factors that could make the respondents quit their current job. From the findings, majority of the respondents indicated that they can quit their current job due to inequity in compensation, lack of salary review in line with the expectations after long service and that they would switch for a better remuneration in another organization or even go for self employment and quit formal employment .

The study further found that lack of promotion, poor leadership, instability of the company, lack of career opportunities and growth, harsh and poor working environment, working with shifts, lack of employee benefits, lack of employee welfare, failure to get clear progression path in terms of changing ones roles, conflict of interest were reasons that were given by respondents that could make them leave and stop working for their current organizations.

#### **4.4 Reasons that Made respondents stay in organization**

The respondents were requested to indicate reasons that could make them stay on working for the current organizations. From the findings, respondents said indicated that they stay in the organization if there could have the revision of salary grades, improved good working environment as well as improved relations with supervisors. The respondents also indicated that they can still continue working in the company if promotional opportunities which would be more rewarding position positions could be created in line with once expectations based on merit and the training opportunities and enhanced job rotation. The availability of pay increment in line with market rates and years of service, the availability of medical cover would make the respondents work for the company for a longer period .The study further found that the respondents would continue working in the current organization a if accorded opportunity for career growth and being offered more challenging responsibilities.

## Factors Attributing To Labour Turn Over

**Table 4. 4: Factors attributing to labour turn over**

|  | Not at all | Little | Moderat | Great extent | Very great | Mean | Std devt |
|--|------------|--------|---------|--------------|------------|------|----------|
| Death  | 28         | 0      | 12      | 14           | 26         | 2.80 | 1.68     |
| Inefficient selection of staff   | 3          | 0      | 35      | 11           | 31         | 3.83 | 1.07     |
| Unmet expectations   | 0          | 26     | 3       | 7            | 44         | 3.86 | 1.37     |
| Limited or no opportunities for advancement  | 26         | 0      | 0       | 12           | 42         | 4.55 | 1.81     |
| Poor relations with supervisors  | 0          | 0      | 29      | 30           | 21         | 3.90 | .78      |
| Inadequate training opportunities  | 3          | 3      | 39      | 1            | 34         | 3.75 | 1.16     |
| Inadequate compensation and poor remuneration  | 0          | 3      | 7       | 39           | 31         | 4.62 | .762     |
| Inadequate concern for employee welfare  | 43         | 3      | 0       | 18           | 16         | 2.51 | 1.73     |
| Retirement   | 30         | 4      | 3       | 9            | 34         | 3.16 | 1.83     |
| Reforms that is retrenchment, downsizing and restructuring, acquisitions and mergers | 0          | 35     | 4       | 4            | 37         | 3.53 | 1.44     |
| Ill health   | 30         | 10     | 4       | 36           | 0          | 2.57 | 1.38     |

The study sought to find the extent to which the respondents agreed with the given statement concerning factors that are attributed to labour turn over in the organization in Table 4.4. From



the findings, majority of the respondents indicated that they agreed that inadequate compensation and poor remuneration and Limited or no opportunities for advancement attribute to high labour turn over to a very great extent as indicated by a mean of 4.62 and 4.55 respectively. It was also found that most of the respondents agreed that poor relations with supervisors, unmet expectations, inefficient selection of staff, inadequate training opportunities, the reforms that is retrenchment, downsizing and restructuring, acquisitions and mergers are factors attributed to labour turn over to a great extent as indicated by a mean of 3.90, 3.86, 3.83, 3.75, 3.55 and 3.53 respectively. The study further found that majority of the respondents agreed that retirement, death, ill health, inadequate concern for employee welfare were factors that attributed to labour turn over in the organization to a moderate extent as indicated by mean of 3.16, 2.800, 2.57 and 2.51 respectively. It clearly indicted that inadequate compensation and poor remuneration and Limited or no opportunities for advancement, poor relations with supervisors, unmet expectations, inefficient selection of staff, inadequate training opportunities, the reforms such as retrenchment, downsizing and restructuring, acquisitions and mergers were factors which greatly influences high labour turn over in the company.

**Extent the respondents agreed on the issues of most consequences of labour turnover in the organization**

**Table 4. 5: consequences of labour turnover**

|  | Not at all | Little extent | Moderate | Great extent | Very great extent | Mean | Std dvt |
|--|------------|---------------|----------|--------------|-------------------|------|---------|
| Increased workload                       | 0          | 0             | 1        | 42           | 37                | 4.45 | .52     |
| Cost of recruitment                      | 0          | 0             | 27       | 32           | 21                | 3.92 | .77     |
| Loss of experienced workers or expertise | 0          | 0             | 0        | 0            | 80                | 5.00 | .00     |
| Workforce shortages                      | 0          | 0             | 38       | 7            | 35                | 3.96 | .96     |

The respondents were requested to indicate the extent they agreed with the statement on the issues of most consequences of labour turnover in the organization as indicated in the Table 4.5. From the . majority of the respondents strongly agreed to a very great extent that labour turnover led to loss of experienced workers or expertise are most consequences of labour turnover as indicated by a mean of 5.0. The study also found that most respondent agreed that increased workload, work force shortages, and cost of recruitment are most consequences of labour turnovers to a great extent.

The study south to find out how frequent do voluntary labour and the involuntary labour turnover occurs in the organization .From the findings, majority of the respondents indicated that voluntary labour turnover is very frequently in the organization while the involuntary labour turnover was indicated to be less frequent in the organization. This implies that labour turn over in the Zain Kenya Limited was voluntary and therefore there were factors contributing to labour tum over in the organizations.

#### 4.5 Factor Analysis

Table 4. 6: Communalities of Factor Variance

|   | <b>Initial</b> | <b>Extraction</b> |
|---|----------------|-------------------|
| Death   | 1              | .477              |
| Ineffective selection of staff  | 1              | .698              |
| Unmet expectations  | 1              | .915              |
| Limited or no opportunities for advancement                                       | 1              | .927              |
| Poor relations with supervisors   | 1              | .856              |
| Inadequate training opportunities   | 1              | .661              |
| Inequity in compensation and poor remuneration                                    | 1              | .966              |
| Inadequate concern for employee welfare   | 1              | .836              |
| Retirement  | 1              | .555              |
| Reforms i.e. retrenchment, downsizing and restructuring, acquisitions and mergers | 1              | .736              |
| Ill heath   | 1              | .485              |

The above table helps the researcher to estimate the communalities for each variance as showed in the Table 4.6. This is the proportion of variance that each item has in common with other factors. For example inequity in compensation and poor remuneration has 96.6% communality or shared relationship with other factors that causes labour turnover in the Zain Kenya Limited. This value has the greatest communality with others, while 'Death' has the least communality with others of 47.7%.

### Principal Component Analysis

Table 4. 7: Principal Component Analysis

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 6.901               | 62.734        | 62.734       | 6.901                               | 62.734        | 62.734       |
| 2         | 1.513               | 13.758        | 76.491       | 1.513                               | 13.758        | 76.491       |
| 3         | 1.058               | 9.614         | 86.106       | 1.058                               | 9.614         | 86.106       |
| 4         | .756                | 6.870         | 92.975       |                                     |               |              |
| 5         | .329                | 2.994         | 95.969       |                                     |               |              |
| 6         | .276                | 2.505         | 98.475       |                                     |               |              |
| 7         | .108                | .982          | 99.457       |                                     |               |              |
| 8         | .041                | .377          | 99.833       |                                     |               |              |
| 9         | .018                | .167          | 100.000      |                                     |               |              |
| 10        | -5.39               | -4.90         | 100.000      |                                     |               |              |
| 11        | -4.09               | -3.72         | 100.000      |                                     |               |              |

EXTRACTION PC.

In the above table, the researcher used Kaiser Normalization Criterion, which allows for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and three factors were extracted. As the table shows, these three factors explain 86.1% of the total variation. Factor 1 contributed the highest variation of 62.73%. The contributions decrease as one move from one factor to the other up to factor 3.

### Component Matrix

**Table 4. 8: Component Matrix**

|   | 1     | 2     | 3     | 4      | 5     | 6     |
|---|-------|-------|-------|--------|-------|-------|
| Death   | 0.269 | 0.008 | 0.229 | 0.009  | 0.353 | 0.707 |
| Ineffective selection of staff  | 0.375 | 0.024 | 0.493 | -0.017 | 0.405 | 0.385 |
| Unmet expectations  | 0.605 | 0.356 | 0.3   | 0.278  | 0.042 | 0.081 |
| Limited or no opportunities for advancement                                       | 0.285 | 0.278 | 0.449 | -0.065 | 0.297 | 0.288 |
| Poor relations with supervisors   | 0.476 | 0.262 | 0.076 | 0.537  | 0.172 | 0.169 |
| Inadequate training opportunities   | 0.541 | 0.372 | 0.352 | 0.195  | 0.156 | 0.262 |
| Inequity in compensation and poor remuneration                                    | 0.547 | 0.012 | -0.37 | 0.347  | 0.149 | 0.15  |
| Inadequate concern for employee welfare   | 0.541 | 0.318 | 0.126 | -0.228 | 0.001 | 0.023 |
| Retirement  | 0.575 | 0.122 | 0.177 | 0.124  | 0.336 | 0.029 |
| Reforms i.e. retrenchment, downsizing and restructuring, acquisitions and mergers | 0.478 | 0.088 | 0.223 | 0.289  | 0.232 | 0.195 |
| Ill health  | 0.446 | 0.2   | 0.24  | -0.538 | 0.171 | -0.11 |

The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. The above results allowed the researcher to identify what variables fall under each of the 3 major extracted factors. Each of the 11 variables was looked at and placed to one of the 3 factors depending on the percentage of variability; it explained the total variability of each factor. A variable is said to belong to a factor to which it explains more variation than any other factor.

### Rotated Component Matrix (a)

Table 4.9 Rotated Component Matrix (a)

|   | Component |       |      |
|---|-----------|-------|------|
|   | 1         | 2     | 3    |
| ill health  | -.956     |       |      |
| Death   | -.923     |       |      |
| limited or no opportunities for advancement                                       | .740      |       |      |
| unmet expectations  | .723      |       |      |
| Retirement  |           | -.936 |      |
| inadequate concern for employee welfare   |           | .911  |      |
| reforms that retrenchment, downsizing and restructuring, acquisitions and mergers |           | .623  |      |
| poor relations with supervisors   |           | .621  |      |
| inadequate compensation and poor remuneration                                     |           |       | .925 |
| inefficient selection of staff  |           |       | .716 |
| inadequate training opportunities   |           |       | .652 |

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The idea of rotation the researches wished to reduce the number factors on which the variables under investigation have high loadings. From the findings, ill health, death, limited or no opportunities for advancement and unmet expectations are substantially loaded on Factor 1 while retirement inadequate concern for employee welfare, reforms that retrenchment, downsizing and restructuring, acquisitions and mergers and poor relations with supervisors are substantially loaded on Factor 2. All the remaining variables which include inadequate compensation and poor remuneration, inefficient selection of staff and inadequate training opportunities are substantially loaded on Factor 3.

## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents discussion, conclusion and recommendations of the study basing on the objective of the study which was to establish factors influencing labour turnover in the Zain Kenya Limited. Recommendation for further study is also presented.

#### 5.2 Discussion

The study sought to find the gender of the respondent. From the findings Majority 56% of the respondents were male while 44% were female .This clearly indicates that Zain Kenya recruit male and female and that management of the company embrace the contribution of male and female in their operations.

From the findings 56 % of the respondents indicated that they had worked in the company for 4 years. 26% while 7% of the respondents indicated that they had worked with their company for 10 years. This implies that majority of the respondents had experience on issues concerning high labour turnover facing the Zain Kenya Limited.

From the findings majority 66.2 % of the respondents indicated that their basic salary range between Kshs 51,000-70,000. 22.5% of the respondents indicated that their basic salary range between Kshs 71,000-100, 000. 8.8% of the respondents indicated that their basic salary was Kshs 50,000 and below while the 2.5% of the respondents indicated that their salary range between Kshs 101,000-150,000. This indicate that the staff in the company were not remunerated at equal basis. Inadequate or unsound wage grade structure may cause employees job dissatisfaction and may result in termination. Salary issues is a problems that mostly arise because of uncompetitive, inequitable or unfair pay systems and contribute greatly towards leaving of the staff to other firms which ay be offering better terms which promote job satisfaction.

The study established that quite a number of staff do resign from their organizations due to various factors such as unmet expectation, low payment poor working conditions and more

others. From the findings 80% of the respondents indicated that in the last five years there were some employees who had resign their job .The study found that approximated number of the employees who had left their job in the last five years were approximately 600. According to Armstrong, (2004) dissatisfaction with career prospects is a major cause of labour turnover in where more and more staff need to develop their careers and need to move on, and there is little employers can do about it, especially in today's competitive organization and promotion prospects being so limited.

The study also established that reasons that make the employees to leave their jobs in the last five years. From the findings most of the respondents indicated that their workmates had left their respective jobs interact of better paying jobs, other indicated that their workmate were fired after due to conflict with managers, lack of growth or stagnation in same position for many years, low salary in comparison to employees in other organizations in same position, working in shifts especially till late at night as well as lack of career growth /progression. The respondents also indicate that the company was right sizing in March 2008 while others had moved due to promotion to other level of departments in different organizations.

From the findings respondent had worked in another company meaning that they had left another company to joint the current company. Most left the company they were working for due to lack of career growth, looking for well paying jobs, the need for more challenging roles and others indicated that it was due to underemployment. The study also found that other on Contract basis and working under poor working conditions for example conflicting with the management.

The study investigated the factors that could make the respondents quit their current job. From the findings, majority of the respondents indicated that they can quit their current job due to Inequity in compensation, lack of salary review in line with the expectations after long service and that they would switch for a better remuneration in another organization or even go for self employment and quit formal employment.

The study further established that lack of promotion, poor leadership, instability of the company, lack of career opportunities and growth, harsh and poor working environment, working with shifts, lack of employee benefits, lack of employee welfare, failure to get clear progression path



in terms of changing ones roles, conflict of interest were reasons factors that led staff to leave and stop working for organizations. One other reason why employees may want leave is the organization performance. An organization that is perceived to have economic difficulty may want to lay off employees. In response to such a move the employees may opt to look for employment elsewhere. Organizations that lack a sense of commitment will easily loose employees; the problem is compounded if the employees move to a competitor

### **5.3 Reasons that Made respondents stay in organization**

The study established that there are factors influence staff to continue working for the organization for a longer period. From the findings, better salary grades, improved good working environment as well as improved relations with supervisors are some of the factor that staff can continue working in the company if promotional opportunities with more rewarding position positions could be created in line with once expectations based on merit and the training opportunities and enhanced job rotation, availability of pay increment in line with market rates and years of service, the availability of medical cover would make the respondents work for the company for a longer period .The study further established that staff continue working in the organization if accorded opportunity for career growth and being offered more challenging responsibilities. This concurred with Herbert, (1983) who indicated that inadequate or unsound wage classification structure may cause dissatisfaction and may result in termination of job by the staff. He also observed that pay problems arise because of uncompetitive, inequitable or unfair pay systems in the organizations.

The study further established that inadequate compensation and poor remuneration and Limited or no opportunities for advancement attribute to high labour turn over to a very great extent as .It was further indicated that poor relations with supervisors, unmet expectations, inefficient selection of staff, inadequate training opportunities, the reforms that is retrenchment, downsizing and restructuring, acquisitions and mergers are factors attributed. Dissatisfaction and conflict with managers and supervision is a common reason for resignation. A feeling that management in general, or individual managers and team leaders in particular, are not providing the leadership they should or are treating people unfairly or are bullying their staff can lead to a high rate of employee turnover.

The study discovered that retirement, death, ill health, inadequate concern for employee welfare were factors that attributed to labour turn over in the organization. Poor working conditions which Lack of proper facilities and appropriate services such as adequate employee changing rooms, dining areas, child or parental care, selective health benefits and other health and safety provisions are major causes of turnover and absenteeism was found to be a factor making the staff to leave an organization for another. These conditions should be considered by management. Inadequate community facilities such as housing, transportation, childcare, shopping, laundry, banking and recreation are causes of turnover. The respondents were requested to indicate the extent they agreed with the statement on the issues of most consequences of labour turnover in the organization. From the , majority of the respondents strongly agreed to a very great extent that labour turnover led to loss of experienced workers or expertise are most consequences of labour turnover as indicated by a mean of 5.0. The study also found that most respondent agreed that increased workload, work force shortages, and cost of recruitment are most consequences of labour turnovers to a great extent as indicated.

#### **5.4 Conclusions**

From the findings, the study concludes that staff quit their current job due to Inequity in compensation, lack of salary review in line with the expectations after long service and that they would switch for a better remuneration in another organization or even goes for self employment and quit formal employment.

The study also concludes that lack of promotion, poor leadership, instability of the company, lack of career opportunities and growth, harsh and poor working environment, working with shifts, lack of employee benefits, lack of employee welfare, failure to get clear progression path in terms of changing ones roles, conflict of interest were reasons factors that led staff to leave and stop working for organizations.

The study also concludes that poor performing organization makes staff to leave organizations due to perceived economic difficulty may want to lay off employees and in response in response to such a move the employees may opt to look for employment elsewhere. Organizations that

lack a sense of commitment will easily loose employees; the problem is compounded if the employees move to a competitor

The study concludes that organization can seek strategies to motivate staff to stay working for the organizations like offering better salary grades, improving good working environment , improving relations with supervisors ,offering promotional opportunities with more rewarding position positions could be created in line with once expectations and availing pay increment in line with market rates and years of service, availability of medical cover would make the respondents work for the company for a longer period .

The study further concludes that inadequate compensation and poor remuneration and Limited or no opportunities for advancement attribute to high labour turn over to a very great extent . Finally the study concludes that dissatisfaction and conflict with managers and supervision is a common reason for staff resignation from organizations and therefore failure by organization from in providing the conducive leadership or are treating people unfairly or are bullying their staff is a factor that also contribute to employee turnover.

## **5.5 Recommendations**

From the findings and conclusions, the study clearly discovered that lack of promotion, poor leadership, instability of the company, lack of career opportunities and growth, harsh and poor working environment, working with shifts, lack of employee benefits, lack of employee welfare, failure to get clear progression path in terms of changing ones roles, conflict of interest were factors that led staff to leave and stop working for Zain Kenya. The study recommends that management of the organizations should adopt strategies for reducing labour turnover.

The study recommends that organization should takes strategies to motivate staff to stay working for the organizations like offering better salary grades, improving good working environment, improving relations with supervisors ,offering promotional opportunities with more rewarding position positions could be created in line with once expectations and availing pay increment in line with market rates and years of service, availability of medical cover would make the respondents work for the company for a longer period and prevent the costs associated with high labour turnover.

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APPENDICES

APPENDIX: Letter of Authorization



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS

MBA PROGRAM - LOWER KABETE CAMPUS

Telephone 4136-2059162  
Telegrams "Univob", Nairobi  
Telex 22440 Univob

UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS

DATE.....

TO WHOM IT MAY CONCERN

The bearer of this letter **CHEGE KEZIAH WANGUI**

Registration No: **D61/70823/2008**

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you

**DR. W.N. IRAKI**

**CO-ORDINATOR, MBA PROGRAM NAIROBI**

**UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA OFFICE  
P. O. Box 30197  
NAIROBI**

## Appendix II: Questionnaire

Please give answers in the spaces provided and tick the box that matches your response to the questions where applicable.

### Section A: General information

1) Gender      Female { }      Male { }

2) Age (years)

21-30 { }

31-40 { }

41-50 { }

50 and above { }

3) Please indicate your level of education

O-level      { }

A level      { }

Diploma      { }

Degree      { }

Post degree      { }

4) Please indicate your department.....

5) How long have you worked with Zain Kenya limited?.....

6) What is your basic salary range in Kenya Shillings?

50,000 and below      { }

51,000-70,000      { }



71,000-100,000     { }

101,000-150,000     { }

151,000-200,000     { }

201,000 and above     { }

**Section B: Work-related information**

7) Did any of your workmate leave employment in the last few years?

Yes                      No

If your answer is yes please give approximate number of those who left.....

8) If your answer in (question 7 above) is yes give reasons known to your best of knowledge why the employees left.

.....  
.....  
.....

9) Before joining this organization, did you use to work with another private company?

Yes                      No

10) If your answer to the question above is yes, state reasons that made you leave.

.....  
.....  
.....

11) State factors that can make you quit your current job.

.....

.....

.....

.....

.....

12) State reasons that can make you stay in this organization.

.....

.....

.....

.....

.....

13) The following factors are attributed to labour turnover, which ones do you agree with in your own opinion and to what extent? Rate your responses on the scales provided below. Responses are in a scale from 1 to 5 as defined below.

- 1- Not at all
- 2- Little extent
- 3- Moderate extent
- 4- Great extent

5- Very great extent

| Factors  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| i. Death   |   |   |   |   |   |
| ii. Ineffective selection of staff   |   |   |   |   |   |
| iii. Unmet expectations  |   |   |   |   |   |
| iv. Limited or no opportunities for advancement                                      |   |   |   |   |   |
| v. Poor relations with supervisors   |   |   |   |   |   |
| vi. Inadequate training opportunities  |   |   |   |   |   |
| vii. Inequity in compensation and poor remuneration                                  |   |   |   |   |   |
| viii. Inadequate concern for employee welfare  |   |   |   |   |   |
| ix. Retirement   |   |   |   |   |   |
| x. Reforms i.e. retrenchment, downsizing and restructuring, acquisitions and mergers |   |   |   |   |   |
| xi. Ill health   |   |   |   |   |   |

14) What in your opinion are the most consequences of labour turnover in your organization and to what extent? Rate your responses on the scales provided below. Responses are in a scale from 1 to 5 as defined below

1- Not at all

2- Little extent

3- Moderate extent

4- Great extent

5- Very great extent

| Factors                                       | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| i. Increased workload                         |   |   |   |   |   |
| ii. Cost of recruitment                       |   |   |   |   |   |
| iii. Loss of experienced workers or expertise |   |   |   |   |   |
| iv. Workforce shortages                       |   |   |   |   |   |
| v. Others specify                             |   |   |   |   |   |

15) How frequent do the following types of labour turnover take place in your organization?

Voluntary { }

Involuntary { }

Other please specify