

The Effect of Employee Turnover on the Efficiency of Pharmaceutical Fund and Supply Agency (PFSA)

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Abstract

Background: Employee turnover is one of the major factors to affect organizational efficiency and considered as challenging issues and deep implications for public health supply chain, while a professional workforce is vital to ensure continuous availability of pharmaceuticals.

Objective: To assess the effect of staff turnover on organizational (PFSA) efficiency.

Methods: A cross-sectional descriptive study was conducted. Using sample size determination formula 96 respondents was obtained from 478 permanent employees of target population. Data obtained through structured questionnaires were analyzed using the version 20 SPSS. Descriptive statistics (mean, standard deviation, variance, and percentage) was computed and summary results was present using tables and graphs. Chi-square test was compute to see the association and proven the research hypothesis.

Result: A total of 96 respondents were participated. The result showed that majority 90 (93.8%) of the respondents were responded PFSA has experience of employee turnover. A mean of 4.05, 4.00 of respondents agreed that lack of incentives and poor wages, low level of employee motivation, were the reasons of employee turnover respectively. Even though 50 (52.1%) of the respondents felt that the organization had not taken any measures to manage employee turnover, a mean of 3.55 and 3.41 respondents indicated that establishing of functional and effective human resource management system and create an open communication between employee and management respectively could decrease employee turnover and improve organization efficiency to a great extent, this supported by ($X^2= 10;97, df=4, p< 0.027$) establishing effective human resource management system is the way of reducing staff turnover implies significant relationship between staff turnover and organizational effectiveness. A study showed that a significant association between staff turnover and organizational efficiency ($X^2= 20.49, df=4, p< 0.000$).

Conclusion: The study concluded that almost all the employees had an intimation to left the Agency due to poor incentives and wages, low level of employee motivation, lack of career development opportunities.

Keywords: Employee Motivation; Employee Turnover; Organizational Effectiveness

Abbreviations: PFSA: Pharmaceutical Fund and Supply Agency; PLMP: Pharmaceuticals Logistics Master Plan; HSC: Health Supply Chain; HR: Human Resource; HRMS: Human Resource Management System; BPR: Business Process Reengineering; SCM: Supply Chain Management; M&E: Monitoring and Evaluation; IT: Information Technology.

Introduction

Employee turnover is one of the major factors to affect organizational efficiency, and considered as challenging issues in business nowadays [1]. Studies concluded that the efficiency of an organization with high rate of turnover is lower than its competitors with low turnover rate [1,2]. Employee turnover is concerned with movement of individuals into jobs (hiring) and out of jobs (separations) over a period; it is the movement of employees into and out of ongoing jobs in establishments or firms, workers leave firms and firms hire other workers to replace them regardless of whether the firm itself is growing or declining [3,4]. Turnover is a major problem in developing countries including Ethiopia [5]. Moreover, a personnel shortage has deep implications for public health supply chain, while a professional workforce is vital and there is little information available about how to best recruit, train, retain, monitor, and supervise these workers in developing countries [6,7]. Though the health supply chain requires a more skilled workforce today because of advancement in medical technology and the demand for more quality pharmaceuticals for better patient care.

The Pharmaceuticals Fund and Supply Agency (PFSA) is established to ensure continuous availability of pharmaceuticals through enhancing financial and human resources capacity. Furthermore; The agency has made remarkable achievements over the past ten years [8]. However, there is still a long way to go to continuously avail products across the supply chain, high dissatisfaction of stakeholders, health providers, patients, and the community at large. Current practice of PFSA supply chain workforce management is inefficient and ineffective; some of the major problems related to human resource management are unmotivated employees, long

recruitment time, high attrition rate of employee and inadequate training and development program [9]. Moreover, PFSA suffering with lack of trained staff with the right skills, frequent staff turnover, brain drain of trained health logistic professionals is a frequent cause of supply chain system breakdown [10-12].

A well-performing, motivated and professionalized health supply chain workforce is essential to ensure all have access to life-saving medicines and other health commodities. Building knowledge and skills, sustainable human resources development requires improving an organization's systems, processes, and performance, with a focus on professionalization [13,14]. However, the effective management of a supply chain demands excellence in managing its human resources, an area particularly overlooked in resource poor environments including Ethiopia [15]. Clearly the fact that staffs tend to terminate employment with the organization is not in itself a problem but rather the problem derives from the consequences of such termination [16]. Therefore, this study seeks to find out the impact of employee turnover on efficiency of PFSA. Specifically, to identify the causes of employee turnover and finally strategies if adopted will reduce employee turnover.

Research Methodology

The study was adopted a descriptive research design since the study intendeds to gather quantitative and qualitative data that describes the nature and characteristics of the impacts of employee turnover on organization efficiency. The targeted groups for this study were PFSA central office employees in Addis Ababa. However, given both time and resources constraints, purposive sampling techniques was used because all the employees were not available during the time of the data collection. Samples was obtaining from only head office of 478 permanent employees of target population.

Sampling Procedures

A total of 96 staffs were selected among 478 permanent staffs and used as a study population to draw the calculated number of sample using stratified random sampling method. According to current reform (BPR) there are

around 18 different directorates was established at central PFSA, so to select 96 employees from 18 directorates proportional allocation to the number of employee working in each directorate were calculated.

Therefore based on the calculation, I had proportionally allocated 96 samples obtained from Deputy Directors, (2), Human resources (2), Finance and Fund Management (6), Tender & Contract Management (5) Branch Coordination (1) Storage and Distribution (17), General Service (45), Quantification and Market Shaping (4), Women and Youth (1) Audit (3), Plan and Monitoring (1) Legal Service (1) Reform and Good Governance (1) Information Technology (2) Public Relation (1), Ethics and Anticorruption (1) Capacity Building (2) and Quality Assurance (1) respondents.

Data Collection

This study was adopted self-administered questionnaires, whereby lists of questions are given to several persons for them to answer and give their opinions accordingly. Questionnaires secure standardized results that can be tabulated and treated statistically. The questionnaire was pre-tested for improved accuracy and completeness.

Method of Data Analysis and Data Presentation

Data collected from interview, questionnaire, and documentary sources was presented using various statistical tools. The SPSS versions 20 and Microsoft Excel 2016 for analysis was used. Descriptive statistics (mean, standard deviation, variance, and percentage) was computed and summary results was present using tables and graphs. Chi-square test was compute to see the association and proven the research hypothesis.

Ethical Considerations

A formal letter was written from lead star college of management and leadership, to sampled PFSA different directorates requesting for the study. The data collection was started after getting consent from PFSA head office management. Besides, names of the professionals and the directorate or unit assessed were kept confidential throughout the process of data collection, analysis, presentation, and interpretation of results.

Data Analysis and Interpretation

Response rate: Out of 96 planned for survey interview, 96 questionnaires were collected which is equal to 100 percent. Although better, follow up favors for effectiveness

of collection, some of the respondents left without completing the open-ended questionnaire part. The respondents are almost homogeneous, employees of the Agency who are working on different directorate with diversified area of specialization.

Analysis of demographic data: The demographic variable of the respondents such as gender, age, education status, length of the year they have been stayed in the Agency and their work experience was collected and the results presented as follows.

Gender of the respondents: As illustrated in Table 4.1 below, a total of 15.6% of the respondents who participated in this study were less than 25 years old, while 33.3% of respondents were between the ages 26-30 years old. A total of 25.0% were respondents between the ages 31-35 years old. Only 18.8% of respondents were between the ages 36-40 years old and the remaining 7.3% of respondents were between ages 41 and above. This table also illustrates the gender of respondents. A total of 62.5% of respondents participated in this study were male employees and 37.5% of respondents were female employees (Table 1).

Age		Sex		Total
		Male	Female	
Less Than 25	Count	9	6	15
	% of Total	9.40%	6.20%	15.60%
26-30	Count	22	10	32
	% of Total	22.90%	10.40%	33.30%
31-35	Count	10	14	24
	% of Total	10.40%	14.60%	25.00%
36-40	Count	14	4	18
	% of Total	14.60%	4.20%	18.80%
Above 40	Count	5	2	7
	% of Total	5.20%	2.10%	7.30%
Total	Count	60	36	96
	% of Total	62.50%	37.50%	100.00%

Table 1: Gender and Age of the respondents where participated, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Duration in service of respondents with Age categories

A total of 16.7% of the respondents participated in this study were less than 1 year of service, while 11.5% of the respondents were between 1-2 years of service. A total of 28.1% of the respondents were between 2-5 years of service. While, 30.2% of the respondents were between 5-10 years of service and the remaining 13.5% of the

respondents were serve more than 10 years and above (Table 2).

Service Year		Age					Total
		Less than 25	26-30	31-35	36-40	above 40	
Less Than One Year	Count	8	3	3	1	1	16
	% of Total	8.30%	3.10%	3.10%	1.00%	1.00%	16.70%
1 To 2 Years	Count	4	6	0	1	0	11
	% of Total	4.20%	6.20%	0.00%	1.00%	0.00%	11.50%
2 To 5 Years	Count	1	14	4	7	1	27
	% of Total	1.00%	14.60%	4.20%	7.30%	1.00%	28.10%
5 To 10 Yeas	Count	2	8	13	5	1	29
	% of Total	2.10%	8.30%	13.50%	5.20%	1.00%	30.20%
More Than 10 Years	Count	0	1	4	4	4	13
	% of Total	0.00%	1.00%	4.20%	4.20%	4.20%	13.50%
Total	Count	15	32	24	18	7	96
	% of Total	15.60%	33.30%	25.00%	18.80%	7.30%	100.00%

Table 2: Years of service with Age categories of the respondent were participated, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Education Level of the Respondents

Most of the employees of the organization are educated and professionals. Accordingly, 68.1% of the respondents have 1st degree While 15.9% of the respondents' master's

degree. The rest 10.6%, 3.1% and 2.1% shared among those who fall in category of 10+3, 10+2 and 10+1 respectively (Figure 1).

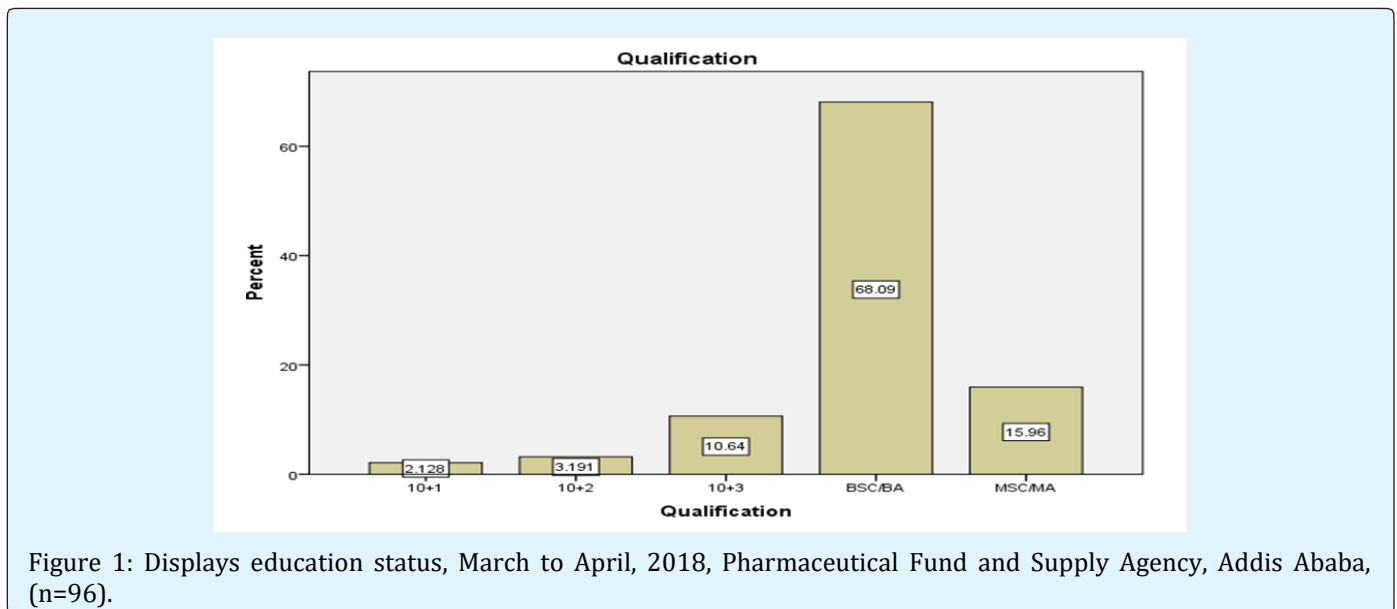
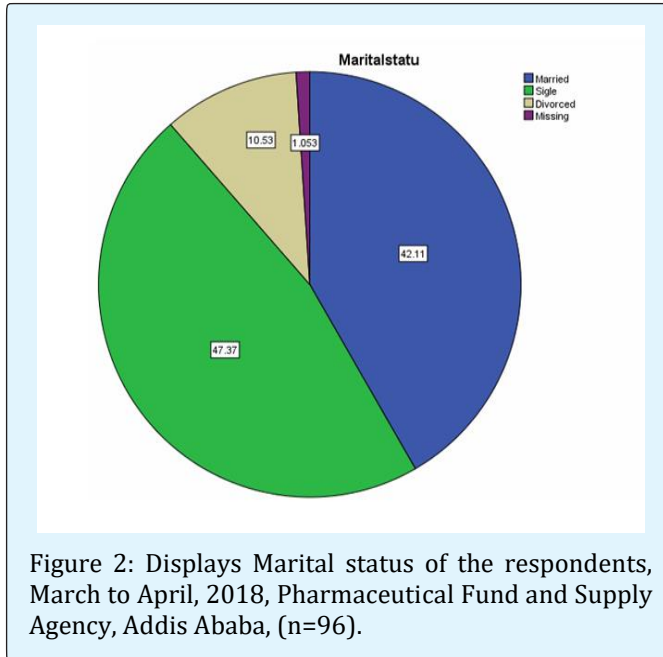


Figure 1: Displays education status, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Marital Status of the Respondents

47.4 percent of respondents were not married this shows that unmarried employees are very much likely to

move from one organization to the other and more contribute for staff turnover, while 42.1 are married the rest 10.5 percent were divorced (Figure 2).



Reasons for Employees Turnover

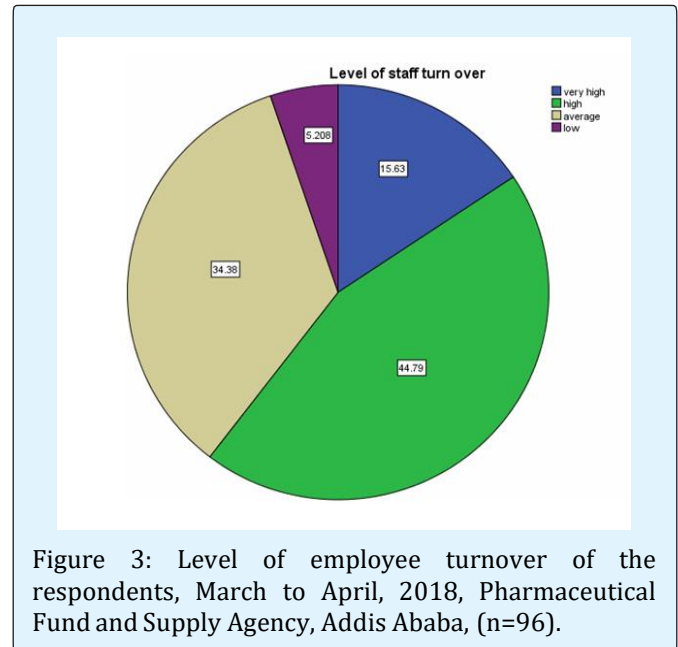
Cases of employee turnover: The study wanted to find out if the organization experienced of employee turnover and thus asked the respondents to indicate if the organization of employee turnover was experienced by the Agency. The findings were showed that majority 90 (93.8%) of the respondents have intention to turnover from the Agency and only 6 (6.3%) of the respondents who answered disagreed with the majority and answered no any intention to move from the Agency. The majority of the respondents explained that lack of adequate reward incentives and bonuses lowered the level of employees' motivation leading to realization of increased employees' turnover rate (Table 3).

PFSA experienced to employee turnover			
Valid	Frequency	Percent	Valid Percent
Yes	90	93.8	93.8
No	6	6.3	6.3
Total	96	100	100

Table 3: PFSA experience to employee turnover, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Rating the level of employee turnover in the organization: The study sought to determine the level of

employees' turnover in the organization and hence asked the respondents to rate the level of employees' turnover. The study shows that majority 44.8% of the respondents rated the level in the organization to be high, 34.3% indicated that the level of employee turnover was average, 15.6% rated the level of employee turnover to be very high and 5.2% low. The respondents explained that the offered salary was not sufficient enough to influence most of the employees to remain working in the organization and there also lacked employee's benefits such as transport and housing allowance (Figure 3).



Reasons of Employee Turnover in the Organization

The study sought to determine how the respondents agreed on the reasons of employee turnover in the organization. The findings were presented as a mean of 4.05 indicates that the respondents agreed that lack of Lack of incentives and poor wages causes employee turnover in the organization, a mean of 4.00 presents that respondents agreed that low level of employee motivation causes employee turnover in the organization, a mean of 3.72 shows that respondents agreed that lack of career development opportunities causes employee turnover in the Agency, a mean of 3.44 presents that respondents agreed on lack of training and development was the reason of employee turnover (Table 4).

Descriptive Statistics	N	Mean	Std. Deviation	Variance
Reason for staff turnover (Lack of training and development)	95	3.44	1.278	1.632
Reason for staff turnover (Lack of career development)	96	3.72	1.083	1.173
Reason for staff turnover (Lack of motivation)	96	4	1.095	1.2
Reason for staff turnover (Lack of incentives and poor wages)	94	4.05	1.177	1.384
Valid N (list wise)	94			

Table 4: Reasons of employee turnover, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

From open-ended questions of different cause of staff turnover, 21 (21.9%) respondents suggested that the main cause of employee turnover in PFSA was the low salary payment compare to other similar organization.18

(18.4%) of respondents were suggested absence of personal professional development was the main cause of staff turnover in the organization (Table 5).

Possible reason to leave PFSA suggested by respondents				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
No personal professional development	18	18.8	19.8	19.8
No Work Recognition	12	12.5	13.2	33
Better Job opportunity	2	2.1	2.2	35.2
Unfair treatment of employee	6	6.3	6.6	41.8
Lack of motivation	13	13.5	14.3	56
Lack of incentive	9	9.4	9.9	65.9
To face new Challenge	1	1	1.1	67
High work load	3	3.1	3.3	70.3
Low salary payment	21	21.9	23.1	93.4
Poor management of human resource	4	4.2	4.4	97.8
Poor working environment	1	1	1.1	98.9
Poor working environment	1	1	1.1	100
Total	91	94.8	100	
Missing System	5	5.2		
Total	96	100		

Table 5: Possible reason to leave PFSA suggested by respondent's March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Effect of Employees' turnover on the agency efficiency: The study sought to determine on whether employees' turnover affected the organization efficiency and thus asked the respondents to indicate if the employees' turnover affected the organization efficiency. The study shows that majority 90 (93.8%) of the respondents felt that employees' turnover affected the organization efficiency and only 6 (6.3%) of the respondents who a disagreed with the majority and answered no which shows that employees turnover greatly contributed to organization productivity (Table

6).

Turnover affect PFSA efficiency			
Valid	Frequency	Percent	Valid Percent
Yes	90	93.8	93.8
No	6	6.3	6.3
Total	96	100	100

Table 6: Turnover affect PFSA efficiency, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Rating the Level of organization efficiency when employee turnover is high: The study asked the respondents to rate the level of organization efficiency when employee turnover is high. It shows that majority 43 (44.8%) of the respondents rated the level of PFSA efficiency becomes low when the level of employee's turnover is high and 15 (15.6%) of the respondents rated

the efficiency becomes very low while the staff turnover was very high. 33 (34.4%) rated the Agency efficiency became average when the turnover was high, the rest 5 (5.2%) were responded even though the turnover was high the efficiency also high turnover didn't much affect productivity (Table 7).

Level of PFSA efficiency when turnover is high				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Very Low	15	15.6	15.6	15.6
Low	43	44.8	44.8	60.4
Average	33	34.4	34.4	94.8
High	5	5.2	5.2	100
Total	96	100	100	

Table 7: Rating the level of organization efficiency when employee turnover is high, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Extent to which the causes of employee's turnover affected the Agency efficiency: The study to indicate the extent to which the causes of employees' turnover affected organization efficiency. The mean standard deviation and variance results on the extent to which the causes of employees turnover affected PFSA efficiency. A mean of 3.86 indicates that the respondents indicated that increase workload for other employees doing the same work and the employees become overloaded & implies decline in service quality, this affected organization efficiency to a great extent. A mean of 3.42 presents that respondents expressed that low level of customer satisfaction and service disruption affected organization product, a mean of 3.00 shows that respondents

expressed that loss of customers of the Agency opportunities affected PFSA efficiency to great extent. The finding further shows that a low variance and standard deviation was obtained on all the causes of employees' turnover and this shows that the respondents' answers were reliable and accurate and demonstrated the extent to which the causes of employees' turnover affected employees' efficiency (Table 8). The above finding was also supported by open-ended question, majority 16 (16.7%) suggested that the effect of employee turnover on PFSA efficiency could demonstrate through increased wastage rate of pharmaceuticals, followed by 10 (10.4%) were suggested by loss experienced employees from the agency (Table 9).

Descriptive Statistics	N	Mean	Std. Deviation	Variance
Effect of employee turnover on PFSA efficiency (Customer dissatisfaction)	96	3.42	1.073	1.151
Effect of employee turnover on PFSA efficiency (Disruption to service delivery)	96	3.42	0.937	0.877
Effect of employee turnover on PFSA efficiency (loss of customers)	96	3	1.046	1.095
Effect of employee turnover on PFSA efficiency (increase workload for employees)	96	3.86	1.082	1.171
Valid N (list wise)	96			

Table 8: Effect of employee's turnover affected PFSA efficiency, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Effect of employee turnover on PFSA efficiency				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Loss its credibility by its customers	7	7.3	9.3	9.3
Loss experienced employees	10	10.4	13.3	22.7
High wastage	16	16.7	21.3	44
Customers dissatisfaction	8	8.3	10.7	54.7
Compromise rotational efficiency	7	7.3	9.3	64
Poor working environment	3	3.1	4	68
Loss of customers	10	10.4	13.3	81.3
Interruption of pharmaceutical supply system	3	3.1	4	85.3
Loss of resource	2	2.1	2.7	88
Decrease productivity	2	2.1	2.7	90.7
Not known	2	2.1	2.7	93.3
There is no effect on the organization	2	2.1	2.7	96
Service interruption	1	1	1.3	97.3
Customer not trust the organization	2	2.1	2.7	100
Total	75	78.1	100	
Missing System	21	21.9		
Total	96	100		

Table 9: Effect of employee turnover on PFSA Efficiency, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Possible Solutions of reducing employee's turnover:

The study asked the respondents to indicate if there were measures employed by the organization to manage employee turnover. The findings were shows that majority 50 (52.1%) of the respondents felt that the organization

had not taken any measures to manage employee turnover and only 46 (47.9%) of the respondents who a disagreed with the majority and answered yes which shows that the Agency had put measures in place to address turnover problems although it was not effective (Table 10).

Measures taken by PFSA to manage employee turn over			
Valid	Frequency	Percent	Valid Percent
Yes	46	47.9	47.9
No	50	52.1	52.1
Total	96	100	100

Table 10: Measures employed by the organization to manage employee turnover, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Rating the effectiveness of the employees' turnover management strategies:

The study asked the respondents to rate the level of the effectiveness of the employees' turnover management strategies and the findings were presented that majority (44.57%) of the respondents rated the effectiveness of the employed employees turnover management strategies contribute also to minimizing the rate of employee turnovers rates in

the Agency, while 11.86% of the respondents rated the level of effectiveness of the employees' turnover management strategies to minimize staff turnover in a very large extent ,27.17% rated the level of effectiveness of the employees' turnover management strategies to be moderate, 13,04% rated the level of effectiveness of the employees' turnover management strategies to be small extent and 3.2% rated no contribution at all (Figure 4).

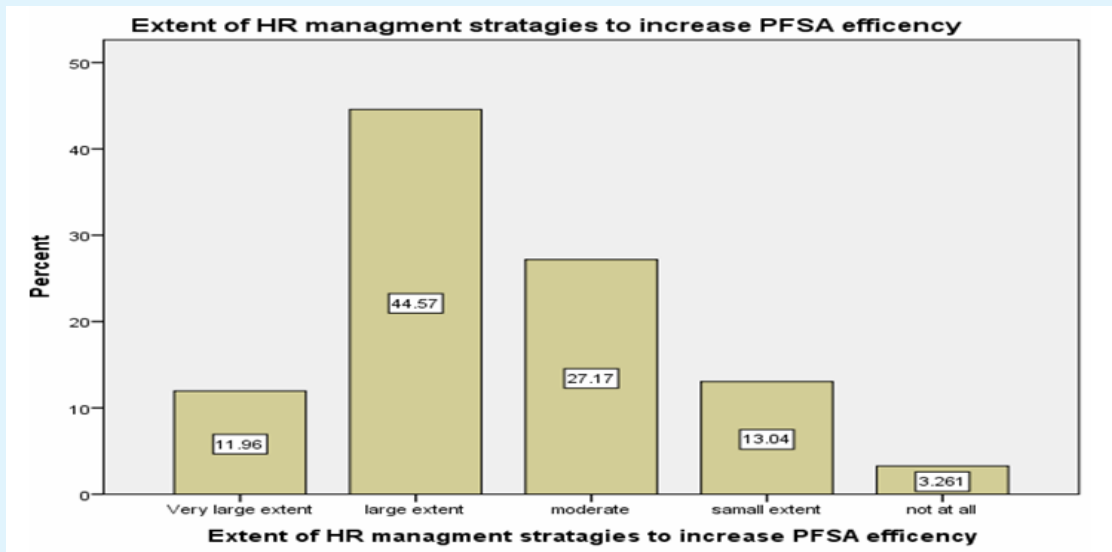


Figure 4: The effectiveness of the employee turnover in the organization, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Extent to which the possible solution: A mean of 3.55 respondents indicated that establishing of functional and effective human resource management system could improve organization efficiency to a great extent, while a mean of 3.41 respondents indicated that create an open communication between employee and management could decrease employee turnover that could enhance organization efficiency to a great extent, a mean of 3.29 indicates that the respondents felt that fostering employee career development programs could improve organization efficiency to a great extent and finally a mean of 3.23 indicates that respondents felt that increasing employee remuneration could recover organization efficiency to a moderate extent (Table 11).

The finding further shows that a low variance and standard deviation was obtained on all the possible solutions for managing employee turnover could affect organization efficiency and this shows that the respondents' answers were reliable and accurate and demonstrated the extent to which the extent to which the possible solutions developed and implemented for managing employee turnover could affect organization efficiency (Table 11). The above finding also supported through open-ended questions that possible solutions to decrease staff turnover suggested by respondents. Majority of the respondents 16 (16.7%) were suggested improve incentive mechanism in the agency minimized employee turnover (Table 12).

	N	Mean	Std. Deviation	Variance
Increasing employee remuneration	96	3.23	1.147	1.315
Foster employee career development)	96	3.29	1.085	1.177
Create an open commination b/n employee and management)	96	3.41	1.022	1.044
Functional HR management system)	96	3.55	1.104	1.218
Valid N (list wise)	96			

Table 11: Extent to which the possible solution, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Possible solution to reduce employee turnover				
Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Provide clear job responsibility	7	7.3	9.5	9.5
Create progressive opportunity to satisfy employee	7	7.3	9.5	18.9
Better working environment	11	11.5	14.9	33.8
Offer continue education	9	9.4	12.2	45.9
Improving good governance	5	5.2	6.8	52.7
Open communication	6	6.3	8.1	60.8
Improve incentive mechanism	16	16.7	21.6	82.4
Increase compensation, benefit and recognition	6	6.3	8.1	90.5
Implement QMS	2	2.1	2.7	93.2
I have no idea to reduce staff turnover	3	3.1	4.1	97.3
Good r/s management with staff	1	1	1.4	98.6
Make the organization competitive with other organizations	1	1	1.4	100
Total	74	77.1	100	
Missing System	22	22.9		
Total	96	100		

Table 12: Possible solution to reduce employee turnover, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Hypotheses Test

Hypotheses 1: There is a significant negative relationship between staff turnover and organizational effectiveness: Pearson's Chi-square =21.46, df= 12, significance $p < 0.044$ interpreted as a highly Negative relationship between staff turnover and

organizational effectiveness. Pearson's Chi-square test showed a significant association ($p < 0.044$). There is significant economic impact when an organization loses any of its valuable employees, especially given the knowledge that is lost with the employee's departure (Booth and Hamer, 2007:297) (Table 13).

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.461 ^a	12	0.044
Likelihood Ratio	22.778	12	0.03
Linear-by-Linear Association	0.163	1	0.686
N of Valid Cases	96		

Table 13: Staff Turnover and Organizational Effectiveness, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

H2: There is a significant positive relationship between ways to reduce staff turnover and increase organizational efficiency: Pearson Chi-square =20.49, df= 4, significant $p < 0.000$, this reveals that there is a significant association between ways to reduce staff turnover and organizational efficiency. The Pearson's test showed a significant relationship ($p < 0.000$). Open communication employee with management has a

significant role to reduce staff turnover and implies a significant positive relationship between staff turnover and organizational efficiency. Good communication will enable the Agency to retain its current employees, since employees will feel the management have belongings for them or they feel that they are part of the Agency and will devote their effort towards the achievement of the Agency objective (Table 14).

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.497 ^a	4	0
Likelihood Ratio	10.237	4	0.037
Linear-by-Linear Association	1.012	1	0.314
No of Valid Cases	96		

Table 14: Ways to reduce staff turnover and increase organizational efficiency, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Pearson Chi-square =10.97, df= 4, significant $p < 0.027$ also reveals that there is a significant association between ways to reduce staff turnover and organizational effectiveness. The Pearson's Chi-square test 10; 97 at 4 df showed a significant association ($p < 0.027$) establishing

effective human resource management system is the way of reducing staff turnover implies significant relationship between staff turnover and organizational effectiveness (Table 15).

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.971 ^a	4	0.027
Likelihood Ratio	6.726	4	0.151
Linear-by-Linear Association	2.714	1	0.099
No. of Valid Cases	96		

Table 15: Open communication employee with management, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

H3: There is a significant relationship between staff turnover and the employee's performance: Pearson Chi-square =18.7, df= 4, significant $p < 0.001$, illustrates that the results reflected a negative relationship between staff turnover and employee performance. The Pearson's test showed a significant correlation ($p < 0.001$). According to Hope (2003:111), when retention is not consciously prioritized in the organization, it damages Agency

reputation causing low employee productivity. Thus, it results in high staff turnover create high workload for the remaining employees', that means keeping employees who perform beyond expectations, even though the Agency reduces the need to recruit and cuts related hiring and training costs, customer dissatisfaction and loss of loyal customer can be a big challenge (Table 16).

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.749 ^a	4	0.001
Likelihood Ratio	10.967	4	0.027
Linear-by-Linear Association	4.086	1	0.043
No. of Valid Cases	96		

Table 16: Staff turnover and employee performance, March to April, 2018, Pharmaceutical Fund and Supply Agency, Addis Ababa, (n=96).

Discussion

Causes of Employee's Turnover

Turnover basically arises from the unhappiness from job place for individual employee. But being unhappy in a job is not the only reason people leave one company for another. If the skills that they have are in demand, higher pay, better benefits or better job growth potential may away lure them. That's why it is important to know and recognize the difference between employees who leave the job because they are unhappy and those who leave for other reasons. There are number of factors that contribute to employee turnover. This study found out that that high rate of employee's turnover affected negatively on PFSA efficiency, hence 16.7% of employees have less than one year of experience, it means they are newly recruited employees, most of the experienced and

highly productive staffs were lost and it took a long time before the newly recruited staff could learn the required competencies for executing the Agency job task functions effectively. The study found out that the major causes of employees' turnover included; lack of incentives and poor wages, low level of employee motivation, lack of career development opportunities and lack of training and development was the major reasons of employee turnover in the Agency.

Moreover, the study found out that lacked effective retention strategies for minimizing employees' turnover rates, since the reward incentives and bonuses given to employees were not adequate and did not compensate employee work performance. This was noted to lower the level of employees' motivation and realization of increased causes of employees turnover rates. In addition to rating on the closed ended questioners the respondent also

commented on open ended questioner and the following reasons were mentioned the major cause of employee turnover; no personal professional development, no work recognition and better job opportunity, unfair treatment of employee, lack of motivation and incentives, to face new challenges, high workload, low salary payment, poor management of human resource, Poor working environment. This study was agreed with findings on Assessment of Employee Turnover on Organizational Efficiency: A Case Study of International Livestock Research, 2015 [11] by Trevor (2004) that organization that lack of adequate reward incentives and bonuses lowers the level of employees' motivation and influence realization of increased employee turnover rates.

Another study conducted in Bangla dish on Employee turnover-a Study of its Causes and Effects to Different Industries [10] was observed different causes of turnover that induced from case studies. It indicates that less salary is the highest among the causes of turnover which is 33% whereas irregular payment, improper management and better job option are other considerations too. Meanwhile, study conducted on assess the impact of employees' turnover on the efficiency of public service at Maji Woreda administration by Girma B [17] the cause of staff turnover is different from this study, the finding reveal that the root cause for high turnover includes poor infrastructure in the Woreda, no peace and security; lack of good governance and an economic inflation. The difference might be peace and securities are the major priority of the rural and distant area than the urban and central of the country. Another study conducted on the cause of employee turnover at Ethiopian Revenues and Custom Authority by S. Mulu [12] showed that the majority (71.05%) and 44.74% respondent agreed that dissatisfaction with over all working environment and payment which doesn't consider the areas of high work load respectively were the main causes of high turnover in the organization.

Effect of Employees Turnover on Agency Productivity

Productivity and job performance may have impacted by turnover intention, similarly this study shows that employees' turnover affected PFSA productivity through increase workload for other employees doing the same work and the employees, low level of customer satisfaction and service disruption finally loss of loyal customers due to decline in service quality were the most significant factors. Hence customers are the central part of any business, without loyal customer the business becomes dead. Similar study conducted by Kwame KE, et

al. In Ghana [1], the following significant variables were identified "Loss of productivity", "Reduce profitability of business", "High cost of training and recruiting new employees", "Management frustration" and "Decline in service quality". However, two factor "Lack of cooperation and coordination among employees" and "Inability to meet deadline" implies loss of customer were the most significant.

Another study conducted by M. F. Mote A case study of Barclays Bank Tanzania LTD [18] shows that a total of 61% of the respondents agreed that high staff turnover causes reduction in work productivity while organizations that do not retain a loyal base of employees then they constantly place an inexperienced group of no cohesive units in the front lines of the organization agreed that high staff turnover causes reduction in the quality of product produced, hence ensuring the good employee stays with the organization will help them compete effectively within another organization. This study concurred with my study.

Possible Solutions for Managing Employee Turnover

This showed that majority (44.57%) of the respondents rated the effectiveness of the employed employee's turnover management strategies contribute highly to minimizing the rate of employee turnover rates in the Agency, Moreover a mean of 3.55, 3.41, 3.29 and 3.23 respondents indicates that establishing of functional and effective human resource management system, create an open communication between employee and management, fostering employee career development programs and increasing employee remuneration respectively were proposed the possible solutions for managing employee turnover and improve Agency productivity.

In contrast, similar case study of international livestock research institute [11] shows that majority (47%) of the respondents rated the effectiveness of the employed employees turnover management strategies to be low, a mean of 4.87, 4.71, 4.23 and 3.61 respondents indicates that increasing employee remuneration, offering employee benefits, career development programs and better working conditions respectively were proposed the possible solutions for managing employee turnover and improve organizational productivity. The difference is that the Agency employee highly perceived that if the Agency established functional management strategies how employee turnover turns out to be minimized,

productivity might be enhanced a great extent rather than focusing only employee motivation.

Conclusion and Recommendations

Conclusion

Causes of employee turnover: The overall objective of the study was the effect of staff turnover on organizational (PFSA) efficiency with specific reference to the current context of the Agency. The study concluded that almost all the employees had understanding the Agency experienced high employee turnover due to the following major causes that affected negatively on organizational efficiency included; poor incentives and wages mechanism in the organization, low level of employee motivation, lack of career development opportunities and lack of training and development were the reasons of employee turnover.

Impact of employees' turnover on organizational efficiency: The impact of employees' turnover leads to loss of the most competitive and experienced staff and this influences the organization to incur huge expenditure in recruitment and training of the new employees. The new employees' exhibits low level of effectiveness and efficiency in the execution of the organization job task functions and this lowers the performance of the individual employees that in turn lowers the level of organization productivity. This conformed that by Pearson Chi-square at 20.49, df 4, significant $p < 0.000$ Open communication employee with management has a significant role to reduce staff turnover and implies a significant positive relationship with staff turnover and organizational effectiveness.

Possible solution to managing employee turnover: Better service delivery, increased revenue and increased employee's performance determine increased organization productivity. The strategies of reducing employee's turnover include; setting up of functional and effective human resource management system, create an open communication between employee and management, fostering employee career development programs and increasing employee remuneration could recover organization productivity to a great extent. This supported by Pearson Chi-square test at 18.7, df 4, significant $p < 0.001$ a significant relationship between staff turnover and the employee's performance.

Furthermore, Pearson Chi-square at 10.97, df= 4, significant $p < 0.027$ a significant association between

ways to reduce staff turnover and organizational effectiveness, proving effective human resource management system also other way of reducing staff turnover implies significant relationship between staff turnover and organizational effectiveness.

Recommendations

Recommendation for improvement: To contribute towards realization of increased the Agency efficiency, the study gave the following recommendations to manage the causes of employees' turnover in the organization. It is therefore recommended that employees should be enhanced pay since most of the employees are influence by these factors, given compensation which corresponding with job, provided with good working environment, recognition for significant accomplishment, chance of advancement and giving opportunity to grow and career development has to be taken in to consideration. Furthermore, proper treatment of employees and fair promotion will increase employee responsibility. Therefore, management should properly treat the employees.

This study narrowed its research undertakings into the causes of employees' turnover, impact of employees' turnover and possible solution to managing employee turnover. The study noted that there were other factors like organization policies and leadership styles that still influenced high rate of employee turnover. Employees' turnover is also an area of interest that greatly determines the state of organization succession planning practices. The study also covered findings from single assessment and thus it cannot be considered the overall branches of PFSA in the country. Suggestions for further studies are hence highly recommended on effect of organization policies and leadership styles on employee turnover and on the effect of employee turnover on organization succession planning.

Declarations

Conflict of interest

The authors declare that they have no conflict of interest to disclose.

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