

The Relationship between Working Environment and Employee Turnover Intention: A Case of the Hawassa Industrial Park, Hawassa, Ethiopia

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ABSTRACT

The objective of the study is to analyze the relationship between the working environment and employee turnover intention in Hawassa Industrial Park, Hawassa, Ethiopia. To this end, the researcher used descriptive and inferential statistics with a mixed research approach. An enumerator-assisted questionnaire was used to gather data from the sampled industry employees. The qualitative data that were collected through a semi-structured interview were analyzed using narration for triangulation. The result indicated that the working environment and employee turnover intention have a positive and significant relationship. Employees have a plan to leave their current job due to a lack of motivation at the workplace. Therefore, it is recommended that Hawassa Industry Park employers should give the 'freedom of job' in the industry park, and reduce the workload and difficulties of the jobs of employees in general.

Keywords: *Turnover Intention; Employee; Working Environment; Hawassa Industrial Park.*

1.0 Introduction

The business world today is very competitive and only firms with the appropriate human resources can keep up with the competition. However, retaining employees is one of the biggest challenges that companies are facing (Terera & Ngirande, 2014). According to Deloitte (2011), employee turnover has a positive impact on organizational productivity. Organizations may lay off employees who are not very productive hence replacing them with employees who have the required skills and knowledge hence increasing productivity. Employees are the backbone of any business's success, so they must be motivated and retained at all costs in order for the organization to be globally competitive in terms of providing quality products and

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services to society. And, in the long run, the employees' returns on investment would be realized. Managers should investigate the causes of employee turnover and recommend the best approach so that they can retain employees in their organizations and increase their competitiveness in this globalized world (Kuria et al., 2012).

Employee turnover can be detrimental to a company's efficiency if skilled workers leave (Armstrong, 2009). A major issue with employee turnover is that the organization loses its most experienced and skilled employees, in whom it has invested heavily in training on various organizational job task functions (Maxwell, 2010). Similarly, the HIP incurs costs in terms of time and money to train newly hired employees in order for them to effectively adapt to the organization's working environment and demonstrate the necessary skills and experience.

However, there was a large turnover rate with an attrition rate of 92% in the HIP (Fortune, 2019). The report also explained that most workers, perhaps with the exception of managers, abandon their jobs within a year. Previous researchers such as Sustainability Agency (2017) assessed the workers' satisfaction and the human resource structure of factories in the HIP. Similarly, Gizaw (2015) conducted a study on the prospects and challenges of industrial zone development in Ethiopia. The researchers did not focus on issues related to employees' working environment and turnover. Therefore, this study tried to analyze the relationship between the working environment and employee turnover in Hawassa industrial park, Ethiopia.

2.0 Literature Review

2.1. Working environment

Employees must have the tools they need to do their jobs. This includes adequate lighting, workspace, and ergonomically correct seating, as well as the proper equipment, machinery, and computer technology. Poor working conditions caused by physical elements result in low productivity and job dissatisfaction. The latter, especially when left unaddressed, makes employees feel unappreciated, and they eventually leave (Bratton, 2003).

Homer (2007) contends that a safe working environment leads to an increased level of employees' job satisfaction and helps the organization retain employees for a long time. Unsafe working environments like non-standard work environments have a wider range of types and styles. Some nonstandard environments have a lot in common with standard ones. Spencer (2001) indicated that poor furniture and working equipment lower the level of employees' job satisfaction and this plays a role in the realization of increased employee turnover rates.

2.2. Employee turnover

Employee turnover is a reduction in the number of employees through retirement, resignation, reassignment, transfer or other means than layoffs, and refers to the number or percentage of workers who leave an organization and are replaced by new employees (Ruth, 2016). Employee turnover is the percentage or number of employees who leave a company or an organization and are replaced by new workers. It is the rate at which employees leave an organization. Armstrong (2012) states that employee turnover is known as labor turnover or attrition. Therefore, organizations need to develop a strategy that helps them in retaining qualified employees.

Kazi & Zedah (2011) posit that labor turnover is the rotation of workers around the marketplace between firms, jobs and occupations and between the states of employment and unemployment. Employee turnover refers to a measurable incidence of people joining and leaving the organization. It occurs when employees leave an organization and have to be replaced (Mathis & Jackson, 2013).

According to Kossen (2002), staff turnover is the amount of movement in and out of an organization (of employees). Staff turnover is the percentage of employees who leave during a given time period but before the end of their contract. Turnover is defined as a decrease in the number of employees due to retirement, resignation, reassignment, transfer, or other means other than layoffs (Mani & Kumar, 2006). In addition, it refers to the number or percentage of employees who leave a company and are replaced by new employees (Ruth, 2016).

Turnover refers to retirement, resignation and redundancy. Employee turnover is considered to be one of the persisting problems in organizations (Armstrong, 2009 cited in Hana & Lucie, 2011). The turnover means that another organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge thus is a threat to the former organization, which increases the significance of knowledge continuity. Turnover can be classified as internal or external. Internal turnover involves employees leaving their current position, and taking a new position within the same organization. Both positive enforcement (such as increased employee motivation and commitment) and negative consequences (such as project/relational disruption) of internal turnover exist, and thus, this form of turnover may be as important to monitor as its external counterpart turnover. Internal turnover might be moderated and controlled by typical human resource mechanisms, such as an internal recruitment policy or formal succession planning (Hana & Lucie, 2011). Internal factors such as facilities in the organization and external factors (attractive factors such as salary and other benefit packages in the external market) should be taken into account to reduce the turnover rate.

Employee turnover is the replacement cycle that occurs whenever a position is vacated, either voluntarily or involuntarily (Woods, 2006). Price (1977) defines "turnover" as "the ratio of the number of organizational members who left during the period under consideration divided by the average number of people in that organization during the period." When an employee chooses to leave their job, this is referred to as voluntary turnover. Involuntary turnover occurs when a company terminates a working relationship through layoff or discharge. Although the company cannot control all employee turnover, the rate of voluntary turnover can and should be a priority for managers. By distinguishing between voluntary and involuntary turnover, Griffeth & Gaertner (2000) propose focusing on the part of the turnover that is of real concern to an organization. In other words, did the employee choose to leave the job, or did the employer make the decision? Then, voluntary resignations are further classified as functional (exit of subpar performers) or dysfunctional (exit of effective performers). Finally, unavoidable resignations over which the employer has no control are excluded (family move, childbirth, serious illness or death). As a result, the group of avoidable resignations becomes the primary focus. It also implies that, in order to make an informed decision, turnover rates must be calculated down to the department level in order to identify which areas are the most problematic.

Most of the above scholars have defined staff turnover in terms of the indefinite period (permanent) employment contract made between the employer and employee. As a result, they have assumed the in and out movement of all staff without considering the type of employment. However, Loquercio's (2006) definition of turnover excludes the expected termination of contractual employees which is much more expected and the general characteristics of most NGOs. Staff turnover that can occur in any organization might be either voluntary or involuntary.

Voluntary turnover refers to termination initiated by employees, whereas involuntary turnover refers to termination initiated by the employer, which could be due to long-term illness, death, relocation to another country, or employer-initiated termination. Typical human resource mechanisms, such as an internal recruitment policy or formal succession planning, can help to moderate and control turnover. Employee turnover has been a phenomenon that has been elusive in management circles. Human resource practitioners and strategic managers have been unable to predict and control (Ongori, 2007). Employee turnover has also been defined as the rotation of workers around the labor market; between firms, jobs and occupations; and between the state of employment and unemployment (Abassi *et al.*, 2000). Managers have referred to turnover as the process associated with filling a vacant position and according to Ongori

(2007), each time a position is vacated, either voluntarily or involuntarily, a new employee who is hired must be trained and this cycle is referred to as turnover.

3.0 Research Methodology

The study employed a correlational research design with a mixed research approach. The mixed research approach refers to the type of data being collected (quantitative data involve numeric scores, metrics, and so on, while qualitative data includes key informant interviews). This is because the qualitative research approach enables us to make a subjective assessment of the respondents. It is true that a good description provokes the 'why' questions of explanatory research. The quantitative approach helps to quantify or objectively measure certain variables in numeric terms, which makes the descriptive analysis easy and manageable (Creswell, 2012).

In order to determine the sample size, the numbers of Hawassa Industry Park employees were taken from the reports of the industry park. According to the Hawassa Industry Park Report (2022), there are 22,735 employees working under 22 companies. Accordingly, the sample size was determined by using the formula developed by Yamane (1967) as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{22,735}{1 + 22,735(0.07)^2}$$

$$n \approx 203$$

Where: n = Sample size, N = Total Population, e = Sampling Error

The researcher used a stratified sampling technique because the target population of the study was heterogeneous. It was easier to obtain the desired representative sample since a stratum is more homogeneous than the total population. After the sample size was determined, the proportion sampling technique was used to distribute the sample to each stratum.

The study used the questionnaire as a tool for data collection. The questionnaire consists of five-point Likert scale-type questions. The questionnaire was pre-tested by administering it to 30 respondents who were not included in the main analysis. The data collected through the questionnaire was edited, coded, and entered into the computer using the Statistical Package for Social Science (SPSS) Software Version 26. The analysis techniques were performed using descriptive statistics such as frequency,

percentage, mean and standard deviation to summarize. Furthermore, inferential statistics like correlation.

4.0 Results and Interpretation

The socio-demographic characteristics of HIP employees including sex, age, educational level and work experience have been analyzed.

Table 1: Distribution of Respondents by their Characteristics

Variables	Categories	Frequency(n)	Percentage (%)
Sex	Male	84	41.4
	Female	119	58.6
	Total	203	100
Age	18-20	35	17.2
	21-25	69	34.0
	26-30	27	13.3
	31-35	65	32.0
	36-40	7	3.4
	Total	203	100
Educational level	Secondary school complete	47	23.2
	Certificate	58	28.6
	Diploma	45	22.2
	Degree	37	18.2
	Masters	16	7.9
	Total	203	100
Work Experience	Less than a year	43	21.2
	1-2	102	50.2
	Above 2 years	58	28.6
	Total	203	100

Source: Own survey data, 2022

The result in Table 1 shows that 58.6% of sample respondents were female, while 41.4% were male. This indicates that the majority of the employees in the study area were female. That means males have less involvement in the industry park. The results of the qualitative data from key informant interviews revealed that the majority of employees in the manufacturing sector of Hawassa industrial park were females.

Concerning the age of the respondents, 34% of the sample Hawassa industrial park employees were in the age range of 21-25 years and 32% of them were in the age range of 31-35 years. The other, 17.2% and 13.3% of employees fall under the age range of 18-20 and 26-30 years, respectively. The result showed that the majority of employees working in the industry park were young adults or in the age group of early working age.

Regarding the educational status of employees in the study area, 28.6% of them were certificate holders, 23.2% were secondary school completed, 22.2% of them had a diploma and 18.2% of them were degree holders. This implies that more than half of employees in the study area were certificate and secondary school complete. The key informants also informed that since the work is labor intensive, a high level of education status was not a criterion in the industry. With regard to the work experience of sample employees, 50.2% of sample respondents have stayed in the organization from 1-2 years, the next group consists of 28.6% who have stayed for more than two years, and the remaining 21.2% of respondents have stayed for less than a year. The result indicated that the majority of sample respondents had a maximum of two years of stay in the park. This shows that the working duration of employees in the organization was small. This implied that there is a high turnover rate in Hawassa industrial park.

Table 2: Perception of Respondents on Working Environment

S. No.	Working Environment	SDA	DA	Un	A	SA
1	The company provides occupational safety tools to its employees on the job.	18.2%	26.6%	12.3%	34.5%	8.4%
2	The relationship b/n top management and employees is adequate.	22.2%	29.6%	18.2%	27.1%	3.0%
3	You have all of the necessary working equipment at your workplace.	25.1%	25.6%	15.3%	29.6%	4.4%
4	Employees do not work beyond their capabilities.	11.8%	51.7%	14.8%	17.7%	3.9%
5	My immediate superior handles employee issues fairly.	18.7%	38.4%	15.8%	18.7%	8.4%
Overall mean (SD)		2.65(.896)				

Note: SDA = Strongly disagree, DA = Disagree, Un = Undecided, A = Agree, SA = Strongly agree, SD = Standard Deviation.

Source: Own survey, 2022

In line with item 1, as summarized in Table 2, 44.8% of sampled respondents disagreed that HIP gives occupational safety tools at work place, while 42.9% of them

agreed with the idea. The result implies that the majority of sampled respondents disagreed that HIP gives occupational safety tools at the workplace.

Regarding item 2, the result of Table 2 indicates that 51.8% of sampled respondents disagreed that the relationship between top-level managers and employees is good enough, while 30.1% of them agreed with the idea. This disclosed that in the Industry Park the relationship between top-level managers and employees is not good enough.

On the subject of item 3, as summarized in Table 2, 50.7% of sampled respondents disagreed that in their workplace, they have all the necessary working equipment, while 34% of them agreed with the idea. The result implies that the majority of sampled respondents disagreed that in their workplace, they have all the necessary working equipment. This implies that HIP has limitations to fulfill necessary working equipment requirements.

Concerning item 4, as presented in Table 2, 63.5% of sampled respondents disagreed that employees work not beyond their capacity, while 21.6% of them agreed with the idea. The result implies that the majority of sampled respondents disagreed that employees work not beyond their capacity. This indicates that in the study area employee work beyond their capacity.

With respect to item 5, the result of Table 2 indicates that 57.1% of sampled respondents disagreed that their immediate superior deals with employees' problems fairly, while 27.1% of them agreed with the idea. The result implies that the majority of sampled respondents disagreed that their immediate superior deals with employees' problems fairly. This revealed that the employees' immediate superior has limitations to deal with employee problems fairly.

In summary, the overall perception of employees (Mean= 2.65) regarding the working environment indicated that the majority of employees were not comfortable with the working environment. The key informants also added that the working condition of the HIP was mostly, not safe for its employees because they have to stand long hours in a high-temperature factory shed where sufficient safety tools are not supplied. In addition, their immediate supervisors and top-level managers did not have a good relationship with their employees and the employees' problems were not fairly dealt with by their supervisors immediately regarding the safety of their working environment. Concerning item 1, as presented in Table 3, 73.3% of sampled respondents agreed that they would like to work for some other organization, while 9.9% of them disagreed with the idea. The result implies that the majority of sampled respondents agreed that they would like to work for some other organization.

Table 3: Perception of Respondents on Employee Turnover Intention

S. No.	Turnover Intention	SDA	DA	Un	A	SA
1	I would like to work for some other organization.	3.0%	6.9%	16.7%	58.1%	15.3%
2	I will probably resign myself from the current organization.	0.5%	21.2%	26.1%	41.9%	10.3%
3	I will look for another job in other organizations soon.	3.4%	8.4%	25.1%	44.3%	18.7%
4	I have actually looked for other jobs in other organizations.	8.9%	15.8%	21.7%	36.0%	17.7%
5	I don't like to continue in the organization for a long period.	24.1%	7.4%	8.4%	30.5%	29.6%
Overall mean (SD)		3.51(.408)				

Note: SDA = Strongly disagree, DA = Disagree, Un = Undecided, A = Agree, SA = Strongly agree, SD = Standard Deviation.

Source: Own survey, 2022

In line with item 2, the result of Table 3 indicates that 52.2% of sampled respondents agreed that they will probably resign themselves from the current organization, while 21.7% of them disagreed with the idea. The result implies that the majority of sampled respondents agreed that they will probably resign themselves from the current organization.

Regarding item 3, as summarized in Table 3, 63% of sampled respondents agreed that they will look for another job in other organizations soon, while 11.8% of them disagreed with the idea. The result implies that the majority of sampled respondents agreed that they will look for another job in other organizations soon.

With respect to item 4, as presented in Table 3, 53.7% of sampled respondents agreed that they have actually looked for other jobs in other organizations, while 24.7% of them disagreed with the idea. The result implies that the majority of sampled respondents agreed that they have actually looked for other jobs in other organizations.

On the subject of item 5, the result of Table 3 indicates that 60.1% of sampled respondents agreed that they don't like to continue in the organization for a long period, while 31.5% of them disagreed with the idea. The result implies that the majority of sampled respondents agreed that they don't like to continue in the organization for a long period.

The overall mean regarding turnover intention (Mean = 3.51) indicates that the majority of respondents had the intention to leave their current job. The results of key

informant interviews revealed that employees' intention to leave their job is high and the industries in Hawassa Industrial Park have less commitment to change the gaps in the increasing rate of employee turnover intention. They also added that industries have a low level of commitment to retain their existing employees because they believe that they can easily replace employees from the local job market where there is plenty of unemployed workforce in the area to replace the employees that left their job from a low level of job satisfaction and less commitment of their employers to provide a convenient environment for employees regarding promotion, training, incentives to motivate them as well as the poor working environment.

Table 4: Correlation Analysis Result

Variables		Work Environment	Turnover Intention
Work environment	Pearson Correlation	1	-.824**
	Sig. (2-tailed)		.000
	N	203	203
Turnover intention	Pearson Correlation	-.824**	1
	Sig. (2-tailed)	.000	
	N	275	203
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Model output, 2022

The results of Table 4 showed that there is a statistically significant negative correlation between the work environment and turnover intention ($r = -0.824$, $p < 0.01$). The magnitude of the correlation coefficient between the work environment and turnover intention was 0.824, indicating a very strong relationship. This implied that as the working environment becomes good, the probability of employee turnover intention decreases.

5.0 Conclusion and Recommendations

Employees' intention to leave their job at the Hawassa industrial park is high. The majority of employees did not speak good things about the Hawassa industrial park. The working condition of the Hawassa industrial park was mostly, not safe for its employees because they have to stand for long hours in a high-temperature factory shed where sufficient safety tools are not supplied. Therefore, the industry park employers in the study area should create a conducive working environment, must recognize the

staff's work, should give the 'freedom of job' in the industry park, and reduce the workload and difficulties of the jobs of employees in general.

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