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Employee Motivation and its Effect on Employee Retention in Ambo Mineral Water Factory

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Abstract: *In this competitive world employees play an important role in the success or failure of any organization. The importance of motivation in retaining core employees cannot be over-emphasized. Therefore keeping the best employees continue to remain a challenge for most managers. This study is aiming at investigating employee motivation and its effect on employee retention in Ambo mineral water factory. The sample size of the study was 237. Primary and secondary data are used to achieve the determined objectives. Primary data is collected through questionnaire. The collected data is analyzed using descriptive, correlation and regression analysis. According to the descriptive analysis of this study employees are highly motivated with reward motivational factors and employees are less motivated with interesting work and training and development and working environment motivational factors of the Ambo mineral water factory. Furthermore, the result of the correlation analysis revealed that unlike interesting work all others motivational factors have positive and significant relationship with employee retention. Finally, the regression analysis also indicated that unlike interesting work all others motivational factors have positive and significant influence on employee retention.*

Keywords: *Employee, Motivation, Retention, Intrinsic, Extrinsic*

I. INTRODUCTION

Nowadays business environment has become very competitive thus having qualified manpower are the major differentiating factor for most organization. Human capital has long been held to be a critical resource in most firms. One of the important and effective components of human resource management is the employee's motivation or, in other words, maintaining an effective workforce. Ololube (2005) defined as motivation is an internal arousal, which directs and maintains achieving set goal. These definitions have not only stated the meaning of motivation, but made inputs on the role of motivation to the worker. The concept of motivation is abstract because different strategies produce different results at different times and there is no single strategy that can produce guaranteed favorable results all the times" Halepota (2005). There are numerous motivation factors identified such as, "reward, promotion, recognition from managers, challenging work, good working conditions, good work schedules, job security" Chiang J. and Canter P. (2008).

Talented who have competencies that are critical for the survival of an organization are difficult to retain because they often attach more importance to their own career path than organizational loyalty, which in turn can result in voluntary turnover (De Vos & Meganck, 2009).

Similarly, Schuler and Jackson (2006) define retention as everything an employer does to encourage qualified and productive employees to continue working for the organization. According to Mayfield J. & Mayfield M., (2008) retention of valuable employees is one of the most significant issues confronting leaders. Retention of talented employees by employers is imperative because the organization's competitive advantage is often dependent on the specialized knowledge and skills possessed by these employees Schreuder and Theron (2001). Given the mobility nature of talented employees, retaining them becomes a matter of concern to employers since, in the view of Buckingham (2000), their leaving means a loss to the

organization of its intellectual capital or intangible assets. The major goal of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time. According to Antomioni (1999), “the amount of effort people are willing to put in their work depends on the degree to which they feel their motivational needs will be satisfied. On the other hand, individuals become de-motivated if they feel something in the organization prevents them from attaining good outcomes.

a) Statement of the problem

People are an organization’s most critical asset because outstanding people give an organization a competitive advantage Kaye & Jordan (2005). One of the biggest challenges is that a reservoir of talent needs to be established by an organization. According to Watson (1994) business has come to realize that a motivated and satisfied workforce can deliver powerfully to the bottom line. Satisfied employees are deemed to be an effective labor force and become an important asset for the organization's effectiveness Masri (2009). Employee retention has therefore become a practical guide for managers in order to retain their talented employees and avoid spiraling costs that are usually associated with turnover.

Chew and Chan (2008) argued that managers face two significant ongoing organizational issues, namely, eliciting the commitment of employees and retention. If employees are committed to an organization, they are less likely to leave or be absent and may also display other behaviors which are valuable to the organization Maurer & Lippstreu (2008). Even a single demotivated core employee in an organization can lead to low productivity in the organization (Ghandhi, 2010). To be effective, managers need to understand what motivates employees within the context of the roles they perform (Lindner, 1998). Kaye and Jordan(2005) indicate that managers must stop guessing what it is that keeps their stars home and happy -managers must not assume all employees want the same thing, such as pay or promotion. A variety of factors motivate people at work, some are motivated with tangible, such as money, and others are motivated with intangible, such as a sense of achievement, recognition (Spector, 2003). According to Ponn-kekana *et al.* (2005), some of the reasons for employee turnover include a lack of promotion, insufficient pay, work overload, and some other motivation related issues such as opportunities for training and development, job insecurity and a lack of recognition of good performance. Dess and Shaw (2001) argue that turnover incurs significant cost, both in terms of direct costs (replacement, recruitment and selection, temporary staff, management time) and indirect costs (morale, pressure on remaining employees, costs of learning, product/service quality, organizational memory and the loss of social capital).

Many studies have been conducted on employee motivation by different researchers, like Owusu T. (2012) conducted research on the effects of motivation on employee performance of commercial bank in Ghana and the researcher used salary, fringed benefits, promotion, and loans as motivational factors. Pessaran D. and Tavakoli S. (2011) conducted research on identifying the employees’ motivation of Parsian hotels in Tehran and the study used salary, security, working condition, status, achievement, recognition, growth and advancement, work itself and responsibility as motivational factors. Michael S. (2008) conducted study on using motivational strategy as panacea for employee retention and turnover in both public and private sector organizations in South Africa and the researchers used training and development, recognition, reward, a competitive salary package and job security as motivational factors. However, this study was conducted on employee motivation and its effect on employee retention in Ambo mineral water factory. Given the difficulties encountered by managers in retaining their best employees as articulated above, the present study formulated the fundamental research question to be addressed as, what is the relationship between employee motivation and employee retention in Ambo mineral water factory?, what is the employees’ level of motivation?

b) Objective of the Study*General Objective*

The main objective of this study was to examine employee motivation and its effect on employee retention in Ambo mineral water factory.

Specific Objectives

- » To examine the effect of reward, security and salary on employee retention?
- » To identify the influence of recognition and training and development on employee retention?
- » To examine the effect of working condition, promotion and interesting work on employee retention?
- » To identify the relationship between employee motivation and employee retention?
- » To examine the employees' level of motivation?

c) Hypothesis of the Study

Hypothesis 1: Reward has a positive and significant influence on employee retention.

Hypothesis 2: Recognition has a positive and significant effect on employee retention.

Hypothesis 3: Promotion has a positive and significant influence on employee retention.

Hypothesis 4: Salary has a positive and significant effect on employee retention.

Hypothesis 5: Security has a positive and significant influence on employee retention.

Hypothesis 6: Training and development has a positive and significant effect on employee retention.

Hypothesis 7: Interesting work has a positive and significant influence on employee retention.

Hypothesis 8: Working environment has a positive and significant effect on employee retention.

II. LITERATURE REVIEW**a) Employee Motivation and Retentions' Definition**

Everyone has motives that are inspired by certain factors that encourage the desire to enhance performance. Petri (1996) states that motivation as the forces acting on or within a person to initiate and direct behavior. It explains differences in intensity of behavior, and why behavior occurs in one situation, but not in another. The meaning of motivation is therefore particularly useful in its ability to increase general understanding and prediction of behavior. The idea of motivation overlaps with the concept of morale, meaning the extent to which the employee feels positive or negative about his or her work (Gary, 2004). Pinder (1998) stated that work motivation is an invisible, internal and hypothetical construct, and that researchers therefore have to rely on established theories to guide them in the measurement of observable manifestations of work motivation. In terms of equity theory for example, work motivation is expected to manifest in both attitudinal (e.g. job satisfaction) and behavioral (e.g. performance) measures, whereas in terms of goal-setting theory the primary manifestation of motivation is behavioral (e.g. enhanced performance when ability remains unchanged).

Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The retention of employees has become a leading challenge faced by many organizations worldwide. Consequences such as the high cost of recruitment and selection, the possible loss of productivity during the adjustment period, the probable loss of business opportunities, poor customer rapports as well as the hidden cost of lost productivity have drawn organizations' attention to the magnitude of retention (Chew & Chan, 2008). Luna-Arocas and Camps (2008) believe that

maintaining a stable workforce is one of the key sources of sustainable competitive advantage for organizations. Retention of employees is crucial to the overall success of any organization. Employee retention is one of the most critical issues facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover.

The primary aim of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time. (Abassi and Hollman, 2000; Hewitts Associates, 2006; Sherman et al. 2006), as cited in Samuel M. and Chipunza C. (2009), reveals reasons for employee turnover in the organizations: hiring practices; managerial style; lack of recognition; lack of competitive compensation system; toxic workplace environments. Others include lack of interesting work; lack of job security; lack of promotion and inadequate training and development opportunities, amongst others. These are intrinsic and extrinsic motivational factors which can assist managers to influence employee retention in their organizations. The problem, however, is that managers have failed in identifying and properly using these variables as retention strategies thereby resulting in the prevailing high turnover rate in the organizations. Phillips and Connell (2002) state that employee retention involves being sensitive to employees' needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005) include career growth and development, competitive compensation benefits, opportunities for training and supportive management. Apart from the strategies mentioned above, employers should use a flexible approach to encourage retention and this approach should consider a number of value-adding components.

b) Theoretical overview

Herzberg (1959) two factor theory as cited in Samuel M. and Chipunza C. (2009) provided a theoretical background for this study. Herzberg argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally produced and is pushed by variables that are intrinsic to the work which Herzberg called "motivators". These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely result from non-job related variables (extrinsic). These variables were referred to by Herzberg as "hygiene" factors which, although does not motivate employees; nevertheless, they must be present in the workplace to make employees happy. The dissatisfiers are organization policies, salary, co-worker relationships, and supervisory styles (Bassett-Jones and Lloyd, 2005). Herzberg (1959) as cited in Samuel M. and Chipunza C. (2009) argued further that, eliminating the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would result in a neutral state. Motivation would only happen as a consequence of the use of intrinsic factors. Empirical studies (Kinnear and Sutherland, 2001; Meudell and Rodham, 1998; Maertz and Griffith, 2004) have, however indicated that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were key motivational variables that influenced their retention in the organizations. The implication of this therefore is that management should not depend only on intrinsic variables to affect employee retention; rather, a combination of both intrinsic and extrinsic variables should take in to account as an effective retention strategy.

c) Factors of Employee Motivation

As Wheelhouse (1989) argues "there are some factors which are basic to the workers performance and are not effective motivators in themselves but if these factors are neglected by managers it will have negative impact on motivation". The independent variables that are critically examined in this study are reward, recognition, promotion, security, salary, training & development, interesting work and working environment. Taking this, the following hypotheses were driven.

Reward: when rewards are given to those who achieve high performance, they can become an important instrument to encourage the continuance of the desired behavior. In the workplace, external rewards include incentives, benefits and other

monetary forms of rewards. Such external rewards are often used as motivators by managers. However, Herzberg argues that motivation comes from work itself and these external rewards are merely just satisfiers or dissatisfiers (Bowen, 2000). Once employees are motivated, they will be able to fulfill the customers' needs and together achieve the company's goals (Bowen, 2000). Michael S. (2008) indicated that reward is the most important motivational variable that contributes to retain employees in the organization.

Recognition: Researches show that "employees are not likely to be motivated by money all the time. In fact, innovative non-monetary rewards like paid vacations, time off from work, favored parking, or gift certificates can be quite effective in encouraging employees" (Bragg, 2000 and Geller, 1991 cited in Govindarajulu and Daily, 2004). Michael S. (2008) reported that recognition is the most important motivational variable that contributes to retain employees in the organization.

Promotion: identify the high achievers in your department and keep them challenged with new opportunities for growth and advancement, if you don't you may lose them" (Wheelhouse, 1989). However promoting employees is only one of the ways of motivation and this should be mentioned that it is not what all the employees want; and therefore if a manager is using just promotion as a motivator he or she is not motivating everyone (ibid).

Owusu T. (2012) found that promotion has a positive effect on employee retention.

Salary: pay is a major consideration in human resource management because it provides tangible incentive for employees' service" as (Bohlander, Snell and Sherman, 2001, cited in Petcharak, 2002). Wheelhouse (1989) stated "payday should be one of the happiest days of the week", it should be delivered to employees on time and in a friendly manner. In another study Stone (1982, cited in Petcharak, 2002) stated that "people are motivated by money because of many different reasons, the need to provide the basic necessities of life motivates most people. Michael S. (2008) found that competitive salary package is the most important motivational variable that contributes to retain employees in the organization.

Security: According to Maslow's theory, security is a very vital factor whether in life or work. Most of the companies according to Wheelhouse (1989) offer the general security of insurance benefits, retirement programs, and saving plans. As he mentioned if employees are worried about their job for instance whether they will have the job next week so they are not likely to be very responsive, and they are not motivated to perform well. Samuel M. and Chipunza C. (2009) found that security significantly influenced employee retention.

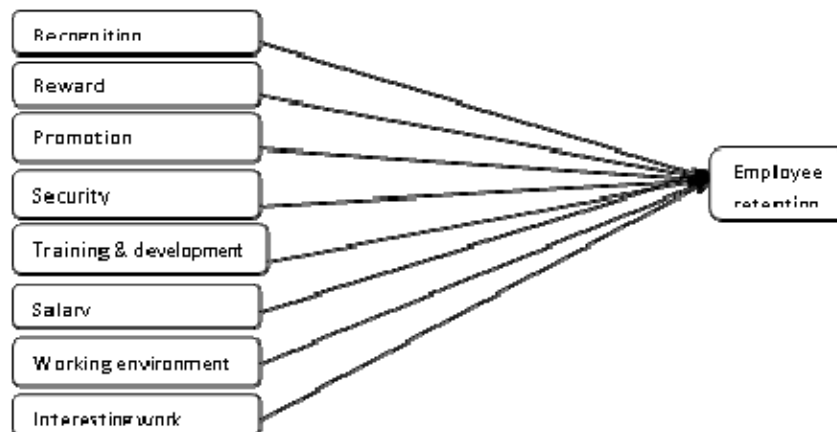
Training & development: plays a vital role in motivating employees and preventing them from failing, due to a lack of abilities. Hence, managers should provide employees with as much training as possible in order to increase their competencies and chances of doing a successful job. Training can be formal, i.e. at a class, or informal, i.e. on-the-job. Informal training is probably the most important training employee can get and it includes the sum of experiences he/she undergoes at work. Whereas informal training usually costs nothing, formal training comes with a cost. Despite these costs, managers must send employees to formal training, as this is their only chance to learn and bring new ideas back to the department. Samuel M. and Chipunza C. (2009) found that training and development significantly influenced employee retention.

Interesting work: what a person finds interesting is very subjective, thus before assigning employees to tasks, managers should find out what interests each of their subordinates and try and make a match. Sometimes it is clear what an interesting task is, e.g. dealing with a hot topic that occupies the media or politicians minds. In this case, an interviewee suggested that "managers should give the hot topics to those employees they want to motivate". Though, managers must take caution to over all distribute "good" projects as equal as possible in order not to create demotivation. Another way to make the job interesting is by diversity and framework breaking. For example, junior employees work on bits and pieces of a big puzzle they never get to see. Therefore, managers can motivate them by letting them see the top of the pyramid and by having them present their work to senior management. This fosters also the participation factor. Samuel M. and Chipunza C. (2009) found that interesting work significantly influenced employee retention.

Working environment: whether working environment is plainly a satisfier or an active motivator is still to be decided. What is sure, though, is that there is no use trying to motivate high performance, while employees are frustrated by not having the right quality and amounts of equipment they need for their work (Bowey, 2005). Thus, managers should make sure their staff has the adequate space, tools, information technology systems, and materials they need for the job. Managers are then urged to prepare in advance all the equipment a new employees needs (e.g. a desktop and a chair). Managers should also hold a healthy (physically and mentally) working environment. Pessaran D. and Tavakoli S. (2012) reported that good working environment is so important for employee retention.

d) Conceptual framework of employee motivation & retention

Employee motivational factors



Source: Developed for this research

Figure 1: Conceptual framework of employee motivation and its effect on employee retention

III. RESEARCH METHODOLOGY

a) Target Population

The target populations of the research are employees in Ambo mineral water factory.

b) Sampling Technique and Sample Size

This research was conducted at Ambo mineral water factory to test the motivational factors and retention among its employees. Ambo mineral water factory consists of 675 employees. Based on Taro Yamane (1967), sample size determination formula, I can get a grand total sample of 251, at 95 % confidence level and 0.05 precision levels.

$$n_0 = \left(\frac{N}{1 + N(e^2)} \right)$$

Where = n_0 is the sample size

N = is the population size, and

e = is the level of precision or sampling error

The researcher used simple random sampling method to select the sample employees. The reason behind using simple random sampling technique is because each member of the population will have equal chance of being selected. From the total number of population (675) the number of samples taken was 251.

c) Data Type, Source and Data Collection Method

In order to achieve the objectives of the study; the researcher was used primary data source. Primary data was collected using questionnaires. Questionnaires were distributed to the employees of the factory. The variables were attitudinal and

measured using Likert scale with five response categories (strongly disagree, disagree, neither agree nor disagree, and agree strongly agree). “The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate” (Robson Colin, 2002).

d) Data Analysis

The primary data collected from target respondents is analyzed using descriptive, Pearson correlation and multiple regression analysis.

e) Regression Model

The equation of multiple regression on this study is generally built around two sets of variable, namely dependent variables (employee retention) & independent variables (reward, recognition, promotion, security, training and development, working environment, interesting work, security and salary). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Independent variables

Dependent variables

Reward

Recognition

Employee retention

Promotion

Interesting work

Security

Salary

Working environment

Training and development

Regress Employee retention on the employee motivational factors

$$Y_i = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8, \text{ and } \beta_9 X_9$$

Where Y is the dependent variable- Employee retention

X₂, X₃, X₄, X₅, X₆, X₇, X₈, and X₉ are the explanatory variables (or the regressors)

β_1 is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

X₂, X₃, X₄, X₅, X₆, X₇, X₈, and X₉ refers to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

IV. RESULT AND DISCUSSION

This part presents the data gathered from the employees of Ambo mineral factory. 251 questionnaires were distributed to the respondents; however, only 237 responses were valid with complete answers.

a) Descriptive Statistics Analysis

Table 1: Mean and Standard Deviation for Employee Motivation Factors and Employee Retention

Motivation factors	N	Mean	Std. Deviation
Recognition	237	4.23	.747
Reward	237	4.36	.714
Salary	237	4.15	.675
Security	237	3.84	.634
Working environment	237	3.51	.663
Interesting work	237	3.50	.657
Promotion	237	4.08	.750
Training and development	237	3.53	.684
Employee retention	237	4.20	.721

Source: SPSS result from survey data (2014).

Table 1 indicates that a reward has the highest mean value. Therefore, it may be concluded from table 1 that respondents are highly motivated with reward factor with a mean and standard deviation of 4.36 and .714 respectively. This is followed by recognition, Salary, promotion, training and development, security and working environment. However, employees are relatively less motivated with training and development, interesting work and working environment at a mean of 353 and .684 and 3.50 and .657, 3.51 and .663 respectively. The retention has a mean score 4.20 which indicates that overall employees are to some extent motivated with the motivational variables of the factory. For the factory all variables of employee motivation were at least regarded as important if the (mean >3.5).

b) Pearson Correlation analysis

Table 2: The Relationship Between Employee Motivation Factors and Employee Retention

Motivation factors		Employee retention
Reward	Pearson correlation	.863**
	Sig.(2-tailed)	.000
	N	237
Recognition	Pearson correlation	.856**
	Sig.(2-tailed)	.000
	N	237
Salary	Pearson correlation	.794**
	Sig.(2-tailed)	.000
	N	237
Security	Pearson correlation	.651**
	Sig.(2-tailed)	.000
	N	237
Working environment	Pearson correlation	.742**
	Sig.(2-tailed)	.000
	N	237
Interesting work	Pearson correlation	-.586**
	Sig.(2-tailed)	.064
	N	237
Promotion	Pearson correlation	.829**
	Sig.(2-tailed)	.000
	N	237
Training and development	Pearson correlation	.675**
	Sig.(2-tailed)	.000
	N	237

Source: SPSS result from survey data (2014). ** Correlation is significant at the 0.01 level (2-tailed).

The results in table 2 shows that, there is positive and significant relationship between reward and employee retention ($r = .863$, $p < 0.01$), recognition and employee retention ($r = 0.856$, $P < 0.01$), promotion and employee retention ($r = 0.829$, $P <$

0.01), salary and employee retention ($r = 0.794, < 0.01$), working environment and employee retention ($r = 0.742, P < 0.01$), security and employee retention ($r = 0.651, P < 0.01$), training and development and employee retention ($r = 0.675, P < 0.01$).

However, the results also indicate that, there is a negative and insignificant relationship between interesting work and employee retention ($r = 0.586, p > 0.01$). The finding on table 2 above further indicates that the highest relationship is found between reward and employee retention ($r = .863, p < 0.01$).

c) Multiple Regression Analysis

Table 3: Regress Employee Retention (as Dependent Variable) on the Motivational Variables (as Independent Variable)

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. error	Beta		
Constant	1.241	.093		13.296	.000**
Reward	.079	.012	.255	6.706	.000**
Recognition	.071	.011	.243	6.162	.000**
Promotion	.063	.012	.202	5.026	.000**
Training and development	.041	.013	.123	3.145	.000**
Salary	.053	.013	.156	4.129	.000**
Interesting work	-.005	.013	-.414	-.01	.679
Security	.049	.013	.142	3.760	.000**
working environment	.046	.012	.131	3.712	.000**

Source: SPSS result from survey data (2014).

R Square .83

** P < 0.01

Multicollinearity Test: multicollinearity is a potential problem if the absolute value of the sample correlation coefficient exceeds 0.7 for any two of the independent variable (Anderson et al. 2011). The pair wise correlation between the independent variables for this study is below 0.7.

The following subsections present the results of multiple regression analysis.

As output of the model shown in table 3 reveals, the most influential factor that significantly affect the employee retention is reward with a beta value (beta = 0.255), at 99% confidence level ($p < 0.01$). Therefore, the first hypothesis that is “Reward has a positive and significant effect on employee retention” is accepted and it is consistent with previous studies of Michael S. (2008).

The results of regression, as presented in table 3 above, shows that recognition has a positive and significant effect on employee retention with a beta value (beta = 0.243), at 99% confidence level ($p < 0.01$). As a result the second hypothesis which states “Recognition has a positive and significant effect on employee retention.” is accepted.

As table 3 above indicates, promotion has a positive and significant effect on employee retention with a beta value (beta = 0.202), at 99% confidence level ($p < 0.01$). Thus, the third hypothesis that states “promotion has a positive and significant influence on employee retention.” is accepted and it is similar with previous studies of Owusu T. (2012).

The findings of regression, as presented in table 3 above, reveals that salary has a positive and significant effect on employee retention with a beta value (beta = 0.156), at 99% confidence level ($p < 0.01$). Therefore, the fourth hypothesis which states “salary has a positive and significant effect on employee retention.” is accepted.

As shown in table 3, p-value is significant ($p < 0.01$), at 99% confidence level and the beta value of security was positive (beta= 0.142). Thus, the fifth hypothesis in this case “security has a positive and significant influence on employee retention” is accepted and it is consistent with Samuel M. and Chipunza C. (2009).

As table 3 above indicates that training and development has a positive and significant effect on employee retention with a beta value (beta = .123), at 99% confidence level ($p < 0.01$). As a result, the sixth hypothesis that is “training and development has a positive and significant effect on employee retention” is accepted.

As shown in table 3, p-value is not significant ($p > 0.01$), and the beta value of interesting work was negative (beta = -0.414). Therefore, the seventh hypothesis which is “interesting work has a positive and significant effect on employee retention” is not accepted.

Furthermore, table 3 reveals that, working environment has a positive and significant effect on employee retention with a beta value (beta = 0.131), at 99% confidence level ($p < 0.01$). As a result, the eighth hypothesis that is “working environment has a positive and significant effect on employee retention” is accepted and it is related with the study of Pessaran D. and Tavakoli S. (2012).

In general, table 3 indicates that all independent variables accounted for 83% of the variance in employee retention ($R^2 = 0.83$). Thus, 83% of the variation in employee retention can be explained by the seven motivational variables and other unexplored variables may explain the variation in employee retention which accounts for about 17%, shown in table 3. The results of this study also indicated that reward is the most influential factor that significantly affects employee retention.

V. CONCLUSION

The result of the study indicates that, employee were most motivated with the reward motivational factors. However, employees were less motivated with training and development and interesting work and Working environment motivational factors. The correlation result shows that, a positive and significant relationship between reward and employee retention, recognition and employee retention, promotion and employee retention, security and employee retention, salary and employee retention, training and development, and employee retention and working environment and employee retention. On the other hand, interesting work has a negative and insignificant relationship with employee retention.

In terms of the stated research hypotheses the following specific empirical findings emerged from the study: The seven motivational factors including reward, recognition, training and development, promotion, salary, security and working environment have positive and significant effect on employee retention. The result of this research also revealed that reward is the most important factor to have a positive and significant influence on employee retention. On the other hand, interesting work has a negative and insignificant influence on employee retention. In addition to this, these motivational factors listed above significantly explain the variations in employee retention.

VI. RECOMMENDATIONS

Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the factory.

- » Interesting work motivational factor was considered as one of the most important factors influencing employee retention. However, employee of the factory was found less motivated in terms of the interesting work motivational factor. One way of addressing this could be by assigning employees on job based on their interest and specialization.

This is to say, the factory management should focus on this factor to maximize employee motivation and retention.

- » Furthermore, training and development was considered as one of the most significant factors affecting employee retention. However, the employees of Ambo mineral water factory was less motivated in this regard. One way of handling this problem is by giving short term and long term training related with their job and upgrading employees by giving educational chance to develop their performance.

- » Finally, working environment motivational factor was considered as one of the most essential factors influencing employee retention. Though, the employees of Ambo mineral water factory was less motivated with this factor. One way of making the working environment conducive is by providing sufficient facilities and equipments (computers, printers, machines, tables, chairs, and clean office), avoiding over control the employees and arranging social gathering program in order to encourage their interaction.

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