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Zusammenarbeit (GIZ) GmbH



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# HR Guide To Reducing Turnover

A guide for Jordan's industrial sector to  
reduce costs & improve HR practices

September 2018



## Acknowledgement

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## About GIZ and ACI

### About GIZ

The “Deutsche Gesellschaft für Internationale Zusammenarbeit” (GIZ) is a federal enterprise that offers demand-driven, tailor-made and effective services to support the German Government and its partners in achieving their objectives in the field of international cooperation for sustainable development.

Promoting employment has long been a key topic for GIZ Jordan, and working conditions have become a key focus for job sustainability within the GIZ Employment Cluster. The “Employment Promotion Programme” (EPP), which was commissioned by the German Federal Ministry for Economic Cooperation and Development, and the “Trade for Employment Project” (T4E), which was co-financed by the Kingdom of the Netherlands and the United Kingdom’s Department for International Development, work with different governmental and private sector partners towards increasing employment and improving working conditions in Jordan.

EPP aims to develop innovative HR instruments which are based on the needs of the private sector, and to support companies in

using them to increase employee retention and satisfaction. T4E helps companies to implement strategies for personnel management and apply the HR instruments developed by EPP to show how improving employee retention and management can help to increase productivity.

Main partners are the Ministry of Labour (MoL), the Ministry of Industry, Trade and Supply (MoITS), and the Ministry of Planning and International Cooperation (MoPIC). Key partners from the private sector are the Chambers of Industry and Commerce, the Jordan Investment Commission, Jordan Enterprise Development Corporation, and Business Associations.

### GIZ contact details:

Employment Promotion Programme  
GIZ Office  
Ministry of Labour, Building #2, 3rd floor  
Sultan Al Hend Street  
11185-Amman-Jordan  
E-mail: Thorsten.metz@giz.de

## About ACI

The Amman Chamber of Industry (ACI) was established in 1962 as a non-profit organization representing around 8,000 small, medium and large industrial firms in Jordan. ACI creates and develops a framework to improve its members' industrial perspectives on economic issues in general, and industrial issues in particular. The Chamber cooperates with Jordanian governmental and non-governmental organizations, international organisations and donor agencies in areas of economic planning, industrial development, and various projects.

ACI also works to increase Jordan's competitiveness both locally and globally by offering its members a range of technical and financial support programs and services covering different management, technical and business development areas. It organises meetings, workshops and training programs to increase its member's capabilities in various areas. It also leads discussions on industrial issues, and organises exhibitions, trade delegations and promotional activities to develop Jordanian exports and promote investment in Jordan.

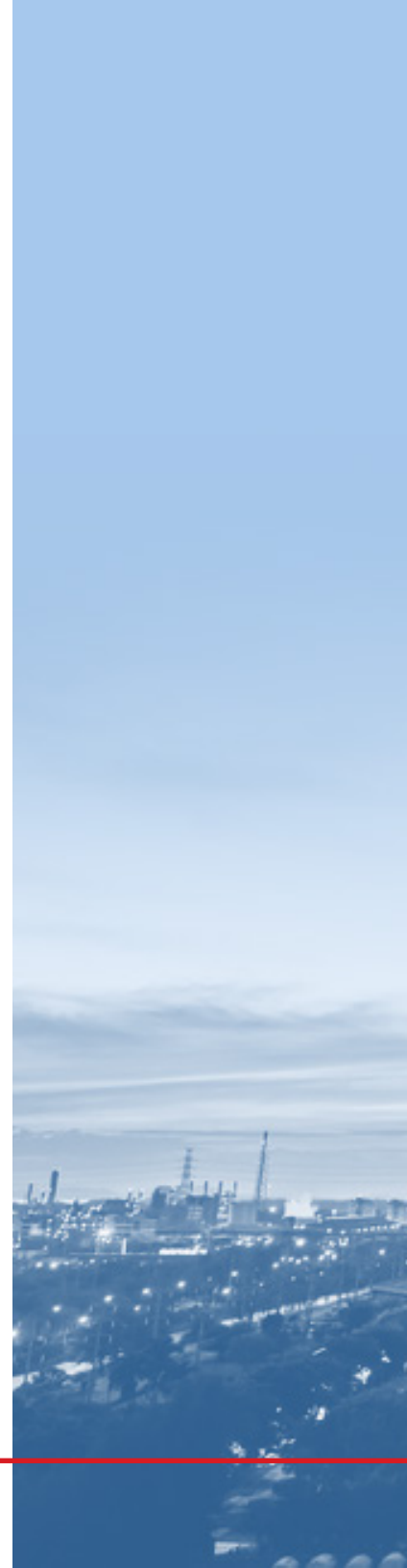
### ACI contact details:

Amman Chamber of Industry  
Jabal Amman, Second Circle  
Islamic Educational College Street, Building  
No. 33  
Telephone: +96264643001  
Mobile phone: +962795202164  
Fax: +96264647852  
E-mail: [smes\\_manager@aci.org.jo](mailto:smes_manager@aci.org.jo)  
PO Box: 1800 Amman 11118 Jordan

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# 1 Why is turnover important?

Regardless of their size, location, business strategy, or nature of business, companies have always been concerned about turnover rates. These create both direct costs (the expenses incurred in recruiting, selecting, training, and inducting new employees) and indirect costs (lower employee morale, increased pressure on those who remain, slower institutional learning). They can also adversely affect customer service and quality, which can potentially damage a companies' reputation, reduce customer loyalty, and diminish trust in the brand.

## Definition of turnover (voluntary and involuntary)

A companies' employee turnover rate is defined as the number of employees leaving as a percentage of the number employed per year (Armstrong, 2011).

Turnover can be either voluntary (when an employee chooses to resign from a company) or involuntary (when an employer chooses to terminate someone's employment).



## 2 About this guide and its fundamental research

Turnover is a global phenomenon that can affect customer service and quality, and eventually increase the risk of damaging long-term customer relations and losing contracts (Curtis & Wright, 2001). According to Catalyst (2018), the global voluntary turnover rate was 9.6% in 2016, but it varies significantly from country to country. For example, the average turnover rate in the UK is 17.3%.<sup>1</sup>

Reports from both individuals and companies suggest that turnover has a significant impact on business. However, the actual rate and impact of turnover is unknown in Jordan. GIZ and ACI therefore conducted research to assess the effect of employee turnover on businesses in Jordan's industrial sector, and developed this guide to provide useful information and guidance to help companies adopt Human Resources (HR) practices that address the challenges that the research findings have revealed.

With support from PKF Company, GIZ and ACI surveyed 235 companies both quantitatively

and qualitatively in the industrial areas of Amman and Irbid. The focus was on understanding the factors behind employee turnover, and measuring its extent. The study also estimated the costs of employee turnover, and its impact on business' operations and productivity. Finally, the study assessed which Human Resources (HR) practices the various companies were using, and how they related to the companies' turnover rates.

This guide summarises the main results of the study and provides industrial companies with tangible suggestions for managing and enhancing employee retention and commitment.

The complete publication of the study results ("[The assessment of turnover in Jordan's Industrial Sector](#)", GIZ/ACI, 2018), including the detailed methodology, in depth analysis and further data, is available and can be sent upon request from GIZ (Thosten.metz@giz.de) and ACI (smes\_manager@aci.org.jo), or downloaded on ACI's website: [www.aci.org.jo](http://www.aci.org.jo).

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<sup>1</sup> The Chartered Institute of Personnel and Development, cited in Armstrong, 2011.

# 3 Research methodology and sample characteristics

The research methodology was a quantitative survey of 235 industrial companies, which was carried out between January and April 2018. 158 (67%) of these companies were export-oriented, with existing export markets. 88% were located in Amman, and 12% in Irbid. About half of the companies were from the Food/ Supplies/Agricultural and Livestock, Plastic and Rubber, and Chemicals and Cosmetics sectors.










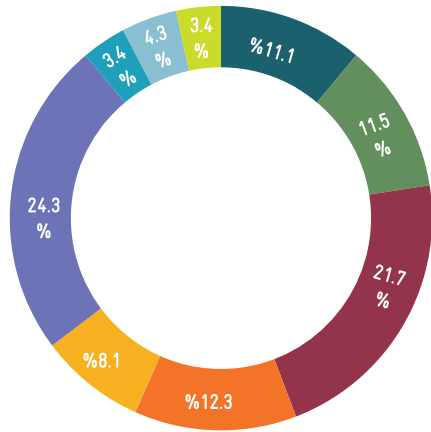
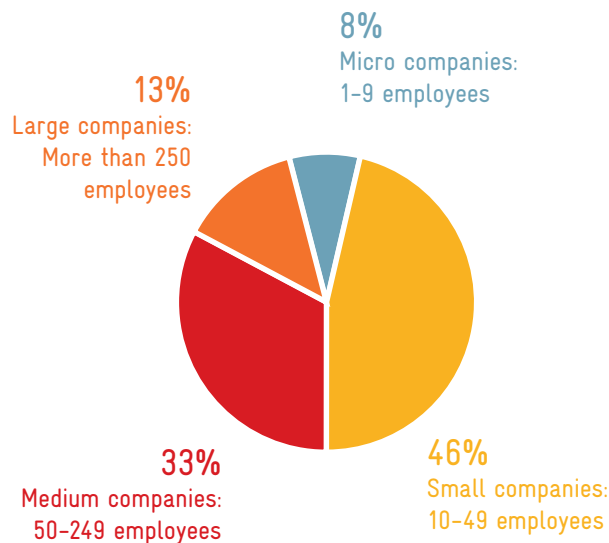
Sector	Location			
	Amman		Irbid	
	Count	%	Count	%
 Engineering, electrical and information Technology	24	10%	2	1%
 Leather and garments	21	9%	6	3%
 Plastic and rubber	46	20%	5	2%
 Chemical and Cosmetics Industry	26	11%	3	1%
 Construction Industry	17	7%	2	1%
 Food, Supplies, Agricultural and Livestock	50	21%	7	3%
 Mining	8	3%	0	0%
 Therapeutics and medical	8	3%	2	1%
 Wooden and furniture	7	3%	1	~0%
<b>Total</b>	<b>207</b>	<b>88%</b>	<b>28</b>	<b>12%</b>

Table 1: Distribution of companies per location and sector



**Figure 1: Distribution of companies by sector**

The two largest groups were small (46%) and medium-sized (33%) companies, which together represented 79% of the sample.



**Figure 2: Distribution of companies by size**

- ▶ Engineering, Electrical and Information Technology Sector
- ▶ Leather and Garments Sector
- ▶ Plastic and Rubber Sector
- ▶ Chemical and Cosmetics Industry Sector
- ▶ Construction Industry Sector
- ▶ Food, Supplies, Agricultural and Livestock Sector
- ▶ Mining Sector
- ▶ Therapeutics and Medical Sector
- ▶ Wooden and Furniture Sector

The companies surveyed had a total workforce of 30,483 employees, of whom 19% were female<sup>1</sup>.

The survey was complemented by four Focus Group Discussions (FGDs) targeting employers and employees in Amman and Irbid (one FGD with employers and one with employees in each location). A further survey was conducted with ex-employees to capture their reasons for leaving.

All figures and data presented in the following guide come from the employers' survey and the discussions with employers and employees in the FGDs.

<sup>1</sup> This percentage is based on the average female workforce size for all companies that reported on female recruitment.

## 4 Key findings on turnover

### 4.1 The turnover rate in Jordan's industrial sector



*the average employee turnover rate in the industrial sector in 2017 was estimated at 20.6%*

Based on the study results, the average employee turnover rate in the industrial sector in 2017 was estimated at 20.6%, which was almost the same as in 2016. It was estimated at 20.9% in Amman and 18.7% in Irbid. **The study revealed that the majority of employee turnover (79%) is voluntary**, i.e. it is driven by employee resignations rather than the termination of employment contracts.

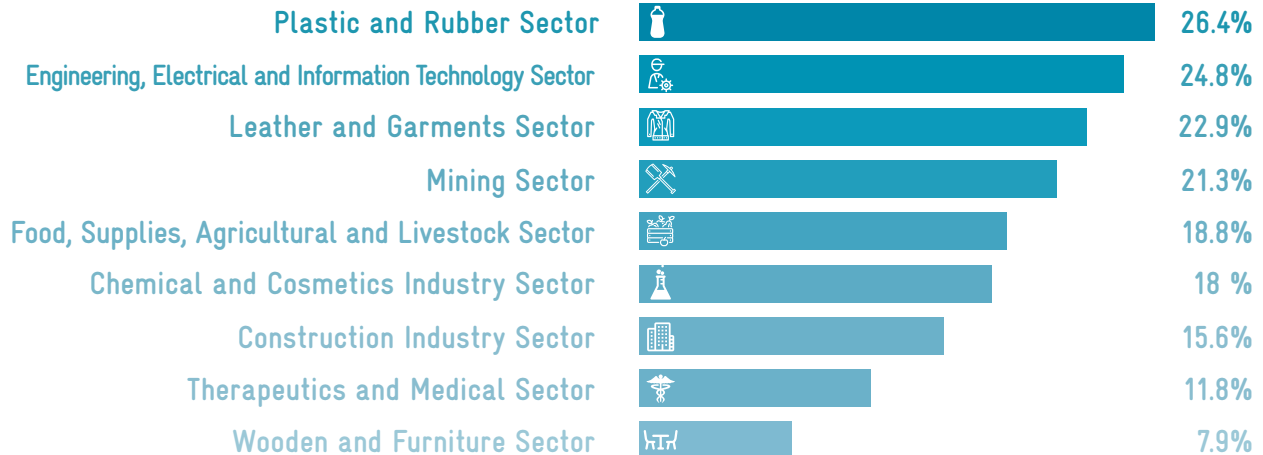


Figure 3: Turnover rate per industrial sectors

## Turnover rate by sector

The turnover rate varies significantly across the different industrial sectors.

The highest turnover rates were in the plastic and rubber sector (26.4%), followed by the engineering, electrical and information technology sector (24.8%).

The sectors that had the lowest turnover rates were the therapeutics and medical sector (11.8%) and the wooden and furniture sector (7.9%). However, these were the smallest sectors in the sample (4% and 3% respectively), which may have affected the generalisation of the turnover rates.

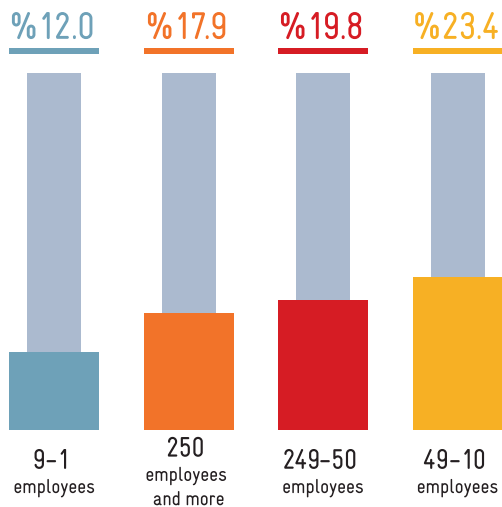



Figure 4: Turnover rates by size of company workforce

## Turnover rates by size of company workforce

The turnover rate is highest among companies with 10-49 employees (23.4%), and lowest among factories with less than 10 employees (12%).

There was no significant difference in turnover rate between Amman and Irbid (20.9% and 18.7% respectively), or between export- and non-export-oriented companies (20.5% and 20.8% respectively).



*Plastic and rubber sector (26.4%), & the engineering, electrical & information technology sector (24.8%) with highest turnover rates..*

## 4.2 Who is mostly affected by turnover?

### Turnover rate by job profile

Most employees who resign are semi-skilled employees (67%), followed by skilled employees (9.3%). The lowest turnover is amongst office employee (5%)

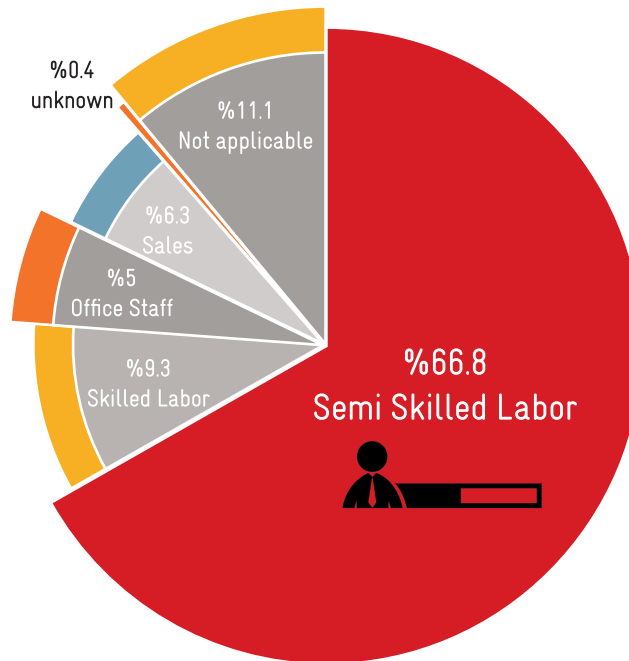


Figure 5: Turnover rate by job profile

## Turnover rate by employment tenure

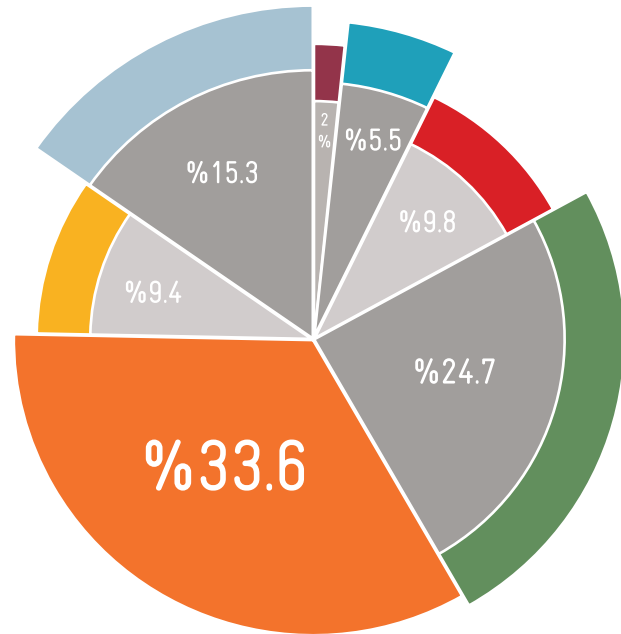
The research also shows that turnover is highest among new employees.

*New employees and the youth are most likely to leave their employers.*



**59%** of all employees who left their job in 2017 had worked for their employers for less than one year.

Discussions with employees suggest that most early resignations occur because the work itself and/or the factory environment were not what the employees were expecting. This is especially prevalent among young male employees aged between 18-29 years, who favour more flexible and less regulated working conditions.



- ▶ Most staff resignations occur during the first year of service after the first 3 months
- ▶ Most resignations occur within the first three months of employment
- ▶ Unknown
- ▶ Most resigned employees have worked for 2-3 years of service in the company
- ▶ Most staff resignations take place after the third year of service
- ▶ Job turnover rates are almost the same for most employees
- ▶ Not applicable

Figure 6: Turnover rate by length of employment

## 4.3 What are the main reasons for turnover?

While there are many reasons for employees to resign, and these vary from person to person, the survey identified three key factors for employee retention:



### (1) Salary and Benefits

Salary and benefits were the most common reasons given for employee turnover by both employers and employees, in both Amman and Irbid, and for all sub sectors and company sizes.

According to the discussion with skilled and semi-skilled employees, they felt that salaries were too low compared to their workloads and the cost of living. Some employees though thought it made no economic sense to work, since their salaries did not cover the high cost of work-related expenses such as transport and childcare. Financial or other benefits such as transportation allowances are one of the main reasons for female employees to decide whether to stay in a job or not.





## (2) Job advancement and career development

In the discussion session, both employees and ex-employees mentioned that providing career paths and opportunities for career development, such as training, skills development and merit-based bonuses, was a key factor in employee retention. A lack of career development was one of the top two reasons for skilled and semi-skilled employees across the different sectors in both governorates to leave a job, and its availability was a main factor for staying.



## (3) Work environment and working conditions<sup>1</sup>

Employers believed that overall workload was the second highest reason for employee turnover for all job types in Irbid (21%), but this was less significant in Amman (11%). It was the second highest reported reason for skilled and semi-skilled employee turnover in both the food supplies, agricultural and livestock sector and the wooden and furniture sector. Work overload was the third most cited reason for the turnover in the leather and garment, chemical and cosmetic, and construction sectors.

Workload was also the second most reported reason for companies with more than 250 employees.

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<sup>1</sup> The study often cited working conditions and the physical intensity of the job.

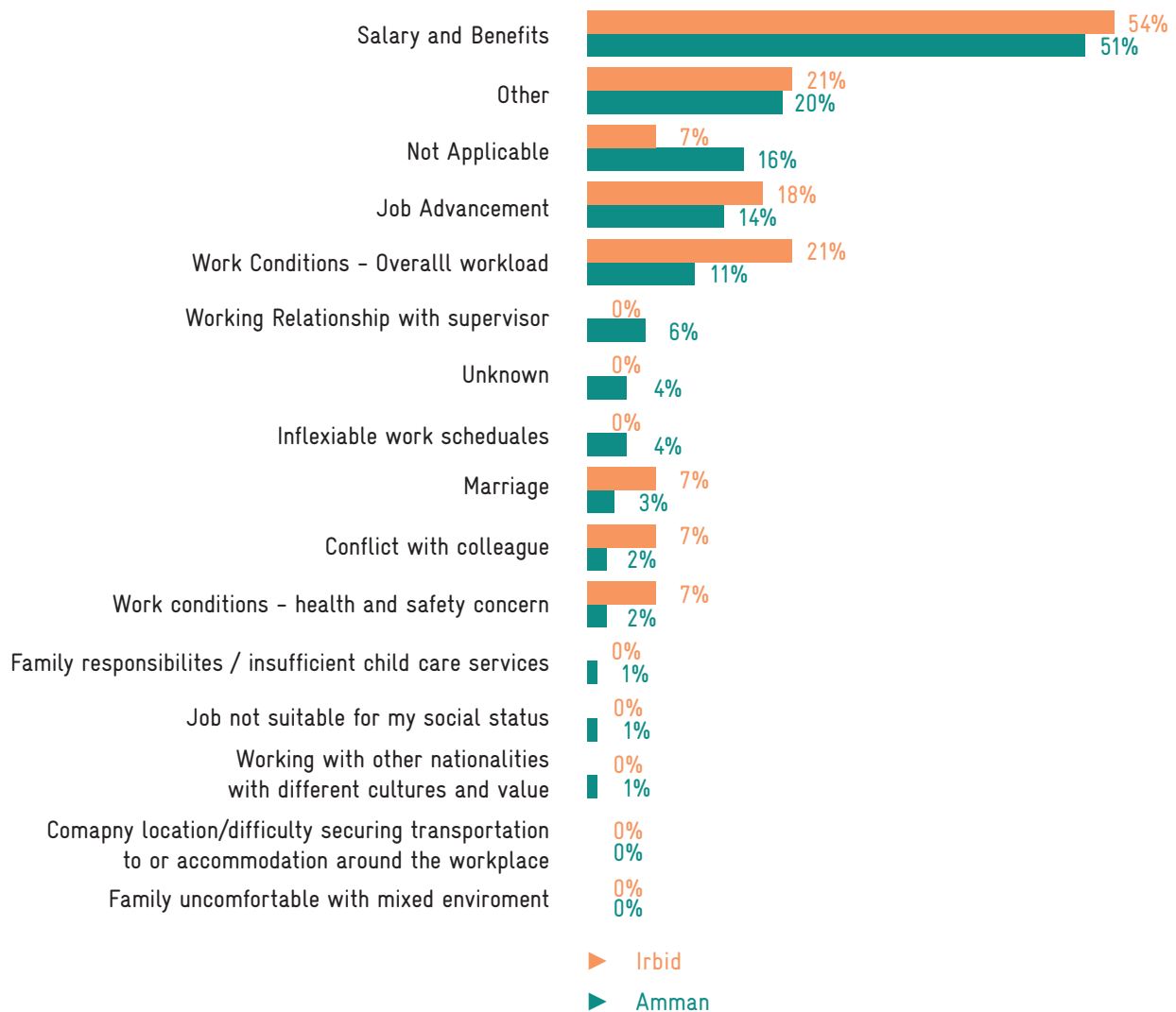


Figure 7: Reasons for turnover for skilled and semi-skilled employee by Governorate<sup>1</sup>

<sup>1</sup> For figures 7 and 8, "Others" include: Lack of employees' commitment and sense of responsibility, continuing education, Syrian employees' immigration to western countries, and enrolling in the military.

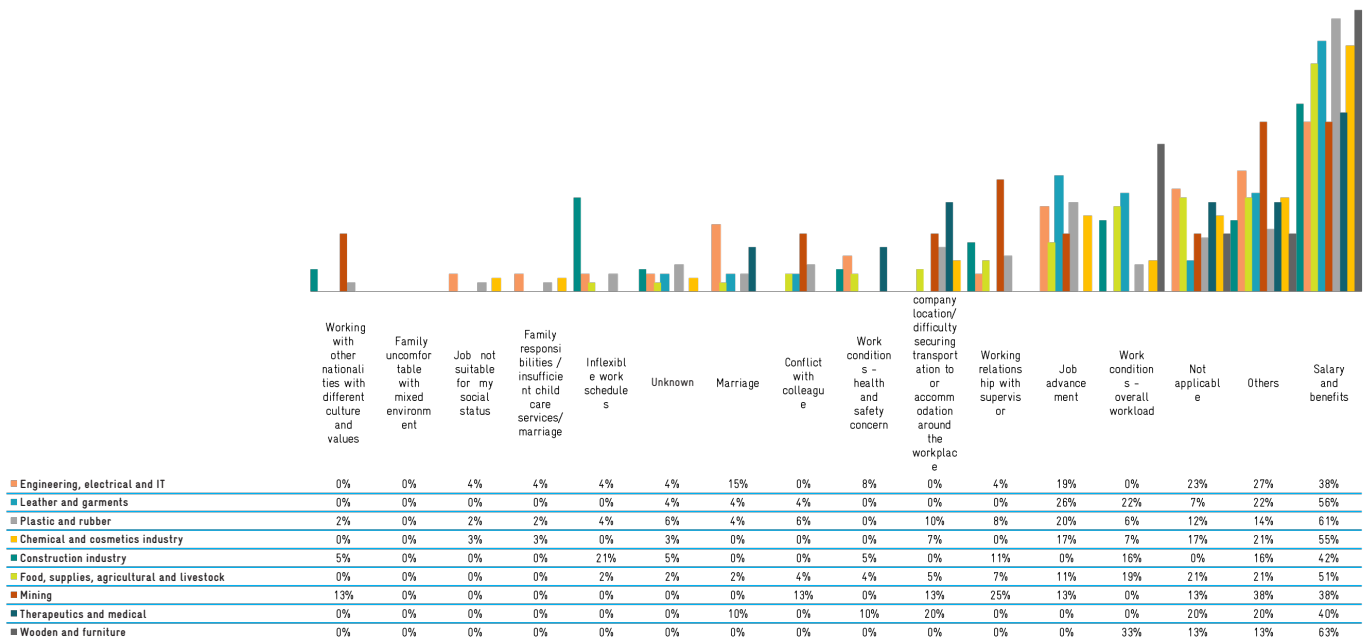


Figure 8: Reasons for turnover for skilled and semi-skilled employee by sector.

## Involuntary Turnover:

In discussions with employers, the most common reasons given for terminating an employees' contract were a lack of commitment and continuous absenteeism. This was especially true for skilled and semi-skilled workers. The next most common reason was the employees' poor attitude and poor work ethics.

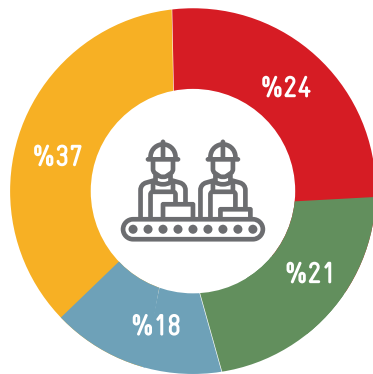
## 4.4 How does turnover impact business operations?

59% of the employers in both the survey and discussion sessions believe that turnover poses a challenge to their business operations. This is due to the time and effort it takes HR personnel to maintain the companies' employing and productivity levels. Nearly all employer representatives agreed that employee turnover, particularly amongst semi-skilled employees, has a negative impact on the morale and workload of employee who remain.

The research used a four-step scale from major/moderate/minor/no effect to assess the effect of turnover on various aspects of business operations. The results were as follows:

## Impact of turnover on productivity

24% of the companies surveyed reported a major effect and 21% a minor effect on productivity. 74% of the businesses that reported a major effect on productivity were export-oriented.



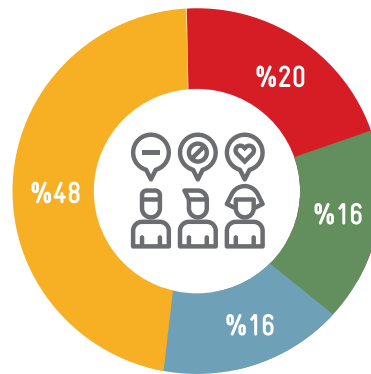
● Major effect

● Minor effect /  
damage that  
can quickly be  
recovered

Figure 9: Assessment of overall impact on productivity

## Impact of turnover on customer service

20% of the companies surveyed believed that employee turnover has had a major effect on the provision of services to customers before, during and after purchase.



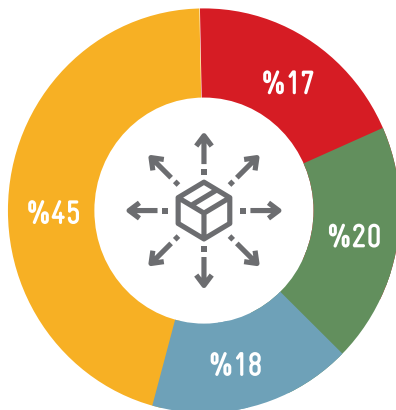
● Moderate effect

● No effect

Figure 10: Impact on customer service

## Impact of turnover on product delivery

35% of the companies surveyed believed that employee turnover had a major or moderate effect on product delivery times.



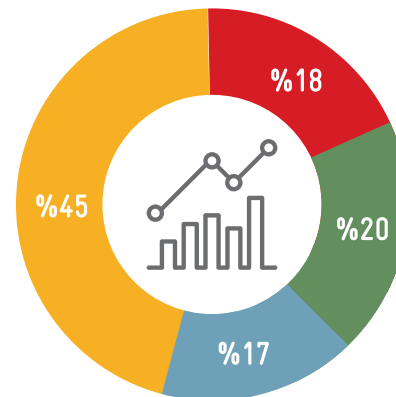
● Major effect

● Minor effect /  
damage that  
can quickly be  
recovered

Figure 11: Impact on product delivery

## Impact on business profit

35% of the companies surveyed reported that employee turnover has a major or moderate impact on their profitability. 79% of those companies were primarily involved in exports.



● Moderate effect

● No effect

Figure 12: Impact on business profit

# 4.5 How much does turnover cost?

**18%** Only of the companies surveyed had calculated the cost of employee turnover<sup>1</sup>



*Based on their responses, the average cost of replacing an employee who leaves a job is estimated at*

***800 JODs.***


<sup>1</sup> An additional 6% of respondents provided an estimate for their turnover cost while the survey was being conducted.

## 4.6 How does gender affect turnover?

The analysis revealed that 15% of all female employees and 20.5% of all male employees left their companies during 2017<sup>1</sup>.

The focus group discussions identified several factors that influence women's economic participation. One of the most important, for both the women and their families, was the need to work in a safe environment. Transportation was also a serious concern for most female employees.

Discussions with female employees revealed that not providing children's nurseries and forcing them to work night shifts were common reasons for women to resign.



**To retain female employees, employers should consider their needs:**

- Allow flexibility in the workplace to enable working mothers to take care of their families
- Consider providing transportation to and from work
- Make sure that the workplace is safe and create a female-friendly environment

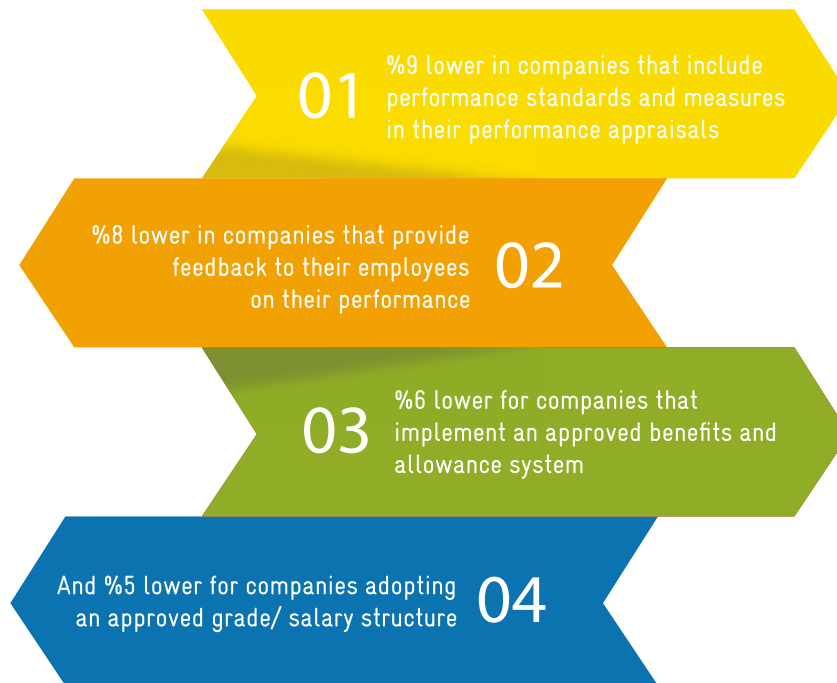
Discussions with employers also revealed that some avoid recruiting women to avoid paying for day-care and maternity leave. Most employers agreed that women were more committed to their work and more patient. Some also felt that women were less likely to worry about financial returns and career advancement, even though they often earned less than men. However, some still avoided employing women because they felt it would mean an extra financial burden.

<sup>1</sup> The calculation for turnover by gender is based on the companies which both reported recruiting female workers (not all companies have female employees) and provided a breakdown for resignation by gender (not all respondents offered such data). The calculation for the industry turnover rate was taken from a different sample to that used for the gendered turnover rate. Refer to the full study for more explanation.



# 4.7 How do HR practices impact turnover?

15 different HR practices were assessed, and it was found that turnover rates were:



compared to companies that did not.

# 5 What companies can do to reduce turnover

Key drivers for retaining employees are:

- (1) salary and benefits,
- (2) job advancement and career development,
- (3) work environment and work conditions.

Extra focus should be given to:

- (1) young male employees,
- (2) semi-skilled employees,
- (3) employees during their first year of employment.

The following section contains specific recommendations to address these issues.



## 5.1 Track the rate and cost of employee turnover

A high turnover rate is an important indicator in human resource management, suggesting that the company needs to invest in better working conditions. To track turnover rate, companies should:

1. **Determine the frequency of employee turnover:** Annual tracking will give a high-level overview while quarterly tracking will help to identify short-term trends, such as when the company is undergoing changes. The employee turnover rate is calculated by dividing the number of employees leaving by the average number of people employed over the course of a year.
2. **Measure employee turnover rates** according to skill level, gender and age.
3. **Calculate the cost of employee turnover:** There are many reasons why HR departments should try and calculate quantitative financial figures for the cost of employee turnover. It is often more than most employers realise, because several indirect costs tend to be overlooked. Calculating the turnover cost will help in performing cost/benefit analyses, which are useful when amending HR strategies and tools such as retention strategies or developing initiatives to enhance work environments. Refer to Annex 2 of this guide for an employee turnover cost calculator.



## 5.2 Define attractive and transparent compensation and rewards

The research revealed that a poor salary and benefits system is the most common reason for employee turnover. Companies are therefore encouraged to review their established pay structures and policies governing salary decisions (starting pay, merit pay increases and promotional pay increases, as well as allowances and benefits offered) by considering the following:

- **Develop a compensation strategy** that includes methods for establishing and maintaining equity in the compensation system that matches industry standards for salaries and benefits across similar industrial sub-sectors. This information can help in developing remuneration policies and salary scales that lead to better employee retention.
- **Ensure internal equity:** Conduct a job evaluation exercise to assess levels of salary equity for job profiles, experience and gender within the overall framework of the company workforce.
- **Include an incentive system in the compensation strategy:** Incentives were one of the aspects that employees mentioned were most likely to enhance job retention. Consider establishing incentive plans that make it more desirable for employees to stay in the company. Remember that fairness and transparency are essential for employee satisfaction.
- **Design incentive systems that address employees' needs:** Consider offering a range of financial payments and other non-monetary perks such as insurances, transportation (in-kind or as an allowance), performance-based incentives, flexible working hours, time off "In Lieu" of extra hours worked, "special vacation days" such as bereavement, marriage and paternity leave, discounts on company's goods, and financial assistance such as loans or salary advances. Employees are likely to appreciate this and see that their employers recognise their basic needs, which can improve their commitment to the workplace, and even lead to long-term improvements in performance.



## 5.3 Promote employees' health and safety

Both the qualitative and quantitative research revealed that working conditions, specifically work overload, were among the most significant reasons for skilled and semi-skilled employee turnover across all Governorates and industries. The following measures are suggested:

- **Institutionalise employee health within the business policies.** Develop policies that protect employee's health and safety. For example, having flexible working arrangements that recognise employees' needs outside of work, eliminating unpleasant working conditions wherever possible, and avoiding placing too much stress on employees. You can consider:
  - Health-related Policies – formal/informal written statements that are designed to protect or promote employee health.
  - Health-related Programs – offer employees opportunities both in and outside the workplace to initiate or maintain healthy behaviour (losing weight, quitting smoking, etc.).
  - Supporting healthy activities by, for instance, subsidising memberships of gyms and fitness studios, or co-covering health insurance for employees.
- **Support from senior management:** Encourage senior management to support the introduction of health and safety measures.
- **Consider adopting flexible working hours:** Include a flexible working program within your policies following the new Jordanian law on flexi hours– article 140.
- **Ensure compliance with local health and safety regulations in the workplace:** Ensure that all relevant health and safety equipment and designated employees are in place. This is mandatory under Jordanian Labour Law.
- **Transparency and visibility of health standards:** Employees should be aware of all relevant health and safety requirements, and know where to find help and advice during the course of their employment.



## 5.4 Establish a performance management system

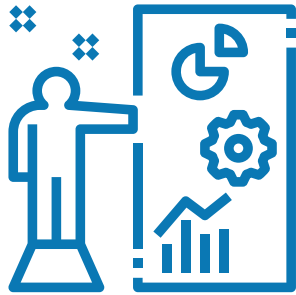
The study revealed that having performance standards and measures is one of the instruments with the highest effect on employee turnover. You may consider:

- **Introduce Competency-based Human Resource Management:** Competency<sup>1</sup> -based HRM means using the notion of competency and the results of competency analysis to inform and improve the processes of performance management, recruitment and selection, employee development, career advancement, and employee reward.
- **Enable supervisors to coach:** Supervisors and line managers should support employee development through coaching, in conjunction with development plans. Coaching is one of the key HR processes. It is often linked to a better work environment, employee satisfaction and retention, and healthy employment relationship.

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<sup>1</sup> Competencies refer to a set of clearly defined skills, behaviors and knowledge that are used to evaluate, assess and develop people.





## 5.5 Adopt an On-Boarding Programme

A comprehensive on-boarding programme can significantly increase the retention of new employees. On-boarding is a continual process that begins with identifying a position that needs to be filled, and goes beyond the new employees' first days in the job. The on-boarding process should therefore cover the following 4 areas:

- 01** **preparation** – hiring the right person for the right job
- 02** **welcoming** – making sure that new employees feel part of the team
- 03** **emplacement** – helping new employees to settle into and master their new role
- 04** **beyond onboarding** – providing employees with a clear career development path



## Stage 1: Preparation

- **Define the talents, qualifications and competences** that the person will need to fulfil the position.
- **Develop unified and consistent selection criteria** which define the set characteristics (e.g. ability, motivation, intelligence, conscientiousness, and permanence) needed.
- **Allocate** a suitable, affordable onboarding budget, define personal responsibilities, and prepare on-boarding checklists.
- **Develop a standard (or targeted) information package.** This should be ready to be emailed in advance to people about to join the company. It should contain all the information they will need for the first few days. The package should also introduce their “onboarding peer” and their supervisor as contact persons for any questions they may have.



## Stage 2: Welcoming

- **Consider having a welcoming ceremony on the first day:** E.g. offer new employees a gift; give them a list of frequently-asked questions, the written and “unwritten” company rules, and the names and phone numbers of people to contact in the event of questions or emergencies.
- Offer all new employees **a company tour.**
- **Prepare the working environment:** make sure that new employees have everything they need for their job, i.e. an ID card, business cards, email accounts, access to intranet, etc.
- **Clarify management expectations** of the roles and responsibilities for their position.
- **Introduce initial training** plans.



## Stage 3: Emplacement

- **Define realistic individual milestones** to be reached within the probation period.
- **Offer regular feedback.** New employees should always be encouraged to ask for feedback. Feedback should also be provided at predetermined points: i.e. two weeks after the first day on the job, after one month, after two months, and so on.
- **Be open to hearing new employees' assessments** of how the onboarding process is going.
- **Offer new employees a way to exchange experiences.** These could be formal, such as social events, or less formal, such as internet chat rooms.
- **Offer trainings and team building activities to engage new employees,** including aspects such as role playing, on-the-job training, understanding the chain-of-command, and a final feedback after a predetermined induction period.
- Conduct a **final feedback interview** once employees have completed their probationary period.



## Stage 4: Beyond onboarding

- **Develop learning paths for employees following best practices:** seek third party assistance and/or build the HR employee's capacity to develop learning paths.
- **Have individual development plans:** Support managers and employees in creating suitable individual development plans for each employee.
- **Promote from within whenever possible, and offer mentoring and professional development opportunities.** Encourage the development of new skills. This could be done by providing formal training, on-the job training, coaching and mentoring, or even through continuing education, reimbursing tuition fees, or cross-training employees in other areas of interest

### Tip: For the Millennials generation;



- Consider assigning a similar-aged "onboarding buddy" from the HR department to support new employees.
- Use non-traditional means such as social media, testimonials and "video selfies" to introduce new (young) employees to everyone in the workplace.



## 5.6 Enhance employment relationships and social ties

The second most common suggestion made by employees for reducing employee turnover was to improve the work culture and social environment (the most common was improving salaries and reward systems). This included mutual trust and respect, a culture of teamwork in the workplace, healthy work relationships with supervisors and co-workers, a friendly environment, and social activities.

**Suggested actions to improve work relationships include:**

- **Distribute an anonymous questionnaire to get employee feedback on all aspects of the employment relationship.** This should include the company culture, the integration of newly-hired employees within their new teams and other teams, supervisor-employee relationships, and relationships with colleagues in other departments and sections. Take actions according to the survey results!
- **Use exit interviews** to find out why employees leave, and to identify issues that should be addressed.
- **Treat employees as stakeholders.** Rely on consensus and cooperation rather than control and pressure. Focus on providing opportunities for learning, development and career progression.
- **Listen to employees.** Take their feedback on how they can manage their own careers into consideration, with the help of their supervisors.
- **Invite employee participation.** Encourage employees to offer their input on business operations. Sharing information about a business's future promotes longevity. Employees should therefore be encouraged to be part of goal setting and planning wherever possible.

# Annex I

Term	Definition
<b>Employee turnover</b>	Employee turnover (sometimes known as 'attrition') is the rate at which people leave a company (Armstrong, 2014).
<b>Employee turnover rate</b>	<p>Employee turnover rate is the number of "employees leaving" as a percentage compared to the number of those employed. The traditional formula for measuring turnover is:</p> $\frac{\text{Number of employees leaving in a specified period (usually 1 year)}}{\text{Average number of employees during the same period}} \times 100\%$ <p>(Armstrong, 2011)</p> <p>All turnover rates presented in this study are annual rates.</p>
<b>Compensation</b>	Compensation is the total amount of the monetary and non-monetary indemnities provided to an employee by an employer in return for work performed. It is a combination of the value of the salary, bonuses, benefits, allowances, overtime, vacations and any other perk the employee may receive, such as free meals and free events (PKF).
<b>Incentives and merit-based rewards</b>	Incentives and merit-based rewards are monetary and non-monetary compensations granted to employees that are usually linked to their performance, such as achieving targets (PKF).

Term	Definition
<b>Bonuses</b>	The sum of rewards given to an employee, in addition to regular pay, usually in appreciation of work done, length of service, and good performance (Entrepreneur Small Business Encyclopaedia, <a href="http://www.entrepreneur.com">www.entrepreneur.com</a> ).
<b>Voluntary turnover</b>	Refers to an employee's choice to terminate their association with a company (PKF).
<b>Involuntary turnover</b>	Refers to the employer's choice to terminate the employee's association with the company (PKF).
<b>Skilled employees/ technicians</b>	Employee whose functions require scientific and technical skills. Individuals working in this category mostly require a post-secondary education or a community college level or equivalent. Among the jobs classified in this category are: electrical technician, architectural painter, etc. (Arab Standard Classification of Occupations, 2008).
<b>Blue collar employee</b>	Blue-collar occupations are defined by their physical labour component, and are generally characterized by a stationary hierarchical level (typically in low ranked positions) and management by supervisors or mechanical controls (Ansberry 2003, cited in Lucas and Buzzanell 2004)
<b>White collar employee</b>	Workers who performs professional, managerial, or administrative work (Van et al., 2003).

Term	Definition
Job tenure	Job tenure is typically measured by the length of time workers have been with their current employer (Armstrong, 2011).
Job tenure	Job tenure is typically measured by the length of time workers have been with their current employer (Armstrong, 2011).
Job evaluation	Job evaluation is a systematic process for defining the relative worth or size of jobs within a company in order to establish internal relativities and provide the basis for designing an equitable grade-pay structure/compensation (Armstrong, 2011).
Working Conditions	Working conditions refer to the working environment and all existing circumstances affecting workers in the workplace including working hours and workload, physical aspects, and job demand. (PKF)



# Annex II: Turnover cost calculator

## Cost Item

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### Separation Costs

Cost of administrative functions related to termination

Cost of exit interviewer's time

Separation pay (severance, outstanding annual leave, other)

### Vacancy Costs

Cost of additional overtime or temporary help to cover labour shortages

### Costs of Hiring New Employee

Cost of advertising the vacancy

Cost of the interviewing process (management, HR and co-employees' time), screening resumé's, phone screening, initial interviews, team interviews, designing offer, negotiating offer).

Costs of competency tests, medical tests, credit checks, etc.

Increase in pay/benefits (over previous employee)

Cost of business cards, name badges, uniforms, etc.

### Orientation Costs

Time required for orientation of new employee (3 hours minimum)

Wages paid to new employee during orientation

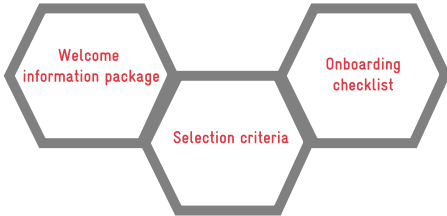
### Training Costs

### Total Cost

Source: PKF Human Resource Consulting

# Annex III: Key Elements of an “Onboarding Toolbox”

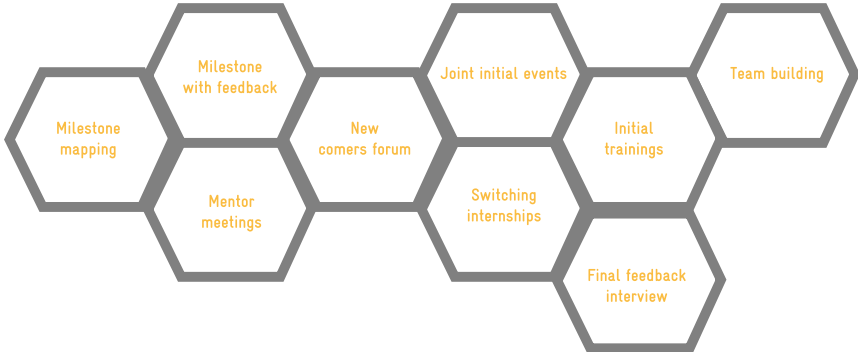
## Hiring preparation



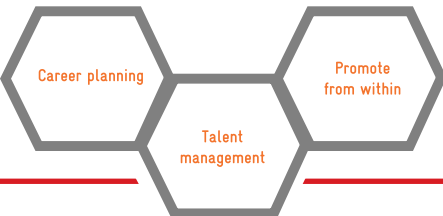
## Welcoming



## Emplacement



## Beyond onboarding



## Annex IV: References

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On behalf of Federal Ministry for Economic  
Cooperation and Development (BMZ)  
Deutsche Gesellschaft für Internationale  
Zusammenarbeit (GIZ) GmbH  
Bonn and Eschborn, Germany  
T +49 (0) 228 4460-0 Bonn  
T +49 (0) 619679-0 Eschborn  
GIZ Office Jordan  
Mohamed Baseem Al- Khammash St. 13, Sweifieh  
Amman 11190 – Jordan  
T (+962) 06-586 8090  
F (+962) 06-581 9863  
E [giz-jordanien@giz.de](mailto:giz-jordanien@giz.de)  
[www.giz.de](http://www.giz.de)

Amman Chamber of Industry  
Jabal Amman, Second Circle  
Islamic Scientific College Street, Building No. 33  
PO Box: 1800 Amman 11118 Jordan  
Telephone: +96264643001  
Mobile phone: +962795202164  
Fax: +9624647852  
E-mail: [aci@aci.org.jo](mailto:aci@aci.org.jo)  
[www.aci.org.jo](http://www.aci.org.jo)

