

Factors Effecting Employee Turnover in Banking Sector

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ABSTRACT

Purpose:

The purpose of this study is to measure the factors that cause the employee turnover by discussing variables such as work environment, career growth, compensation and job satisfaction.

Design/methodology/approach:

Being descriptive study, survey method was adopted for data collection to find out the factors. A sample of 150 private and public banks of Bahawalpur was selected for the survey. Data was analysed by using Cronbach's Alpha, correlation and regression in SPSS software.

Findings:

The independent variable work environment and job stress having large correlated with dependent variable employee turnover. While career growth and compensation have less influence on employees turnover.

Originality/value:

The paper reveals their existing relationship between the employee turnover and factors affecting in the banks in Bahawalpur.

Keywords:

Employee turnover, compensation, work environment, career growth, job stress, banks

Paper type: Research paper

1. INTRODUCTION

Organizations spend a lot on their workforces in terms of orientation and training, developing, preserving them in their organization. Therefore, administrators at all expenses must reduce worker's turnover. Although, there is no ordinary context for understanding the personnel turnover procedure as whole, a wide array of aspects have been initiated useful in initiating employee turnover Kevin et al. (2004). Therefore, there is need to change occupied understanding of the employee turnover, more especially, the sources what defines employee turnover, effects and policies that superiors can put in place decrease turnover. With globalization which is cumulative competition, organizations must carry on to develop physical goods and offer services which are constructed on approaches formed by employees. These employees are particularly essential to the organisation since their value to the organization is basically intangible and not easily pretend Meaghan et al. (2002). Bangladesh Commerce Bank Limited is one of the credible commercial bank of Bangladesh. BCBL is consistently supporting the financial activates of the country since its start in 1998. The Bank formally started operation from September 16, 1999 with the slogan of "A People's Bank with a Mission" success Abbasi et al. (2000). Managers should control employee turnover for the benefit of the organisation success. The works on employee turnover is divided into three groupings: sources of employee turnover, effects of turnover. Majority of researchers that had donated to the study of stress were of the views that job stress was as effect of the interaction of workforces and the situation of work although views varies about the reasons and consequence however, it was established that stress is a function of individual physical characteristics and employed conditions and the strategies to reduce turnover (Jones and Bright, 2001). The differences in individual features such as personality and managing style are the most important causes in expecting whether definite job conditions will outcome in stress or not. In other words, what is stressful to one person may not be stressful to someone else. In the same vein, some managers accept that stressful operational conditions are the essential elements organisations must use to turn on burden on workers and set asides health concern to persist creative and cost-effective in today's economy although studies related with this mind set and trust predictable undesirable outcome such as absenteeism, tardiness, objective to quit etc which cannot be creative or gainful in today's economy. The suggestion is that job stress attitudes hazard to the health of employees and in the long run the productivity of the organisations as well as the existence of the organisations and considering the fact that banking atmosphere is uncovered to many work types as well as contact with different groups of people cumulate to inherent threat that can be considered as stressors. Hence, the study into the place of job strains in the workers turnover with orientation to the banking sector of the economy.

2. LITERATURE REVIEW

"Employee turnover is a percentage judgment of the number of employees a firm must exchange in assumed period of time to the ordinary number of total personnel (Agnes, 1999). A vast concern to most companies, employee turnover is expensive especially in lower disbursement job roles, for which the worker turnover level is highest (Samuel, 2012). Turnover denotes to the amount of effort of employees in and out of an organization, generally existing in terms of the turnover ratio (Chruden & Sherman, 1972). Mobley (1982) provided the sense of employee turnover as the discontinuance of association in an organization by the individual who expected financial compensation from the organization.

Carley (1992 cited in Tham, Pee, Kankanhalli & Tan, 2008) states that employee turnover means the variation of labours around the labour market, between organizations, contracts and careers. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. (Bean, 2009). Mobley et al. (1979) [1] recommended two factors that are linked to the employee's evolution through sequential steps of withdrawal. In turnover procedure everyone generally points out one reason for their turnover choice, but there are continually more aspects on the back hand that works as push-cart or dynamic strength for that element (Jaffari, 2011). Although, there is no ordinary structure for understanding the employees turnover procedure as whole, a wide series of factors have been initiated useful in understanding employee turnover Kevin et al. (2004). It was found that employee aim setting (Medlin and Green 2009); career growth (Hamel and Breen, 2007), work environment (Cardoso and Monfardini, 2008; Hansen, 2008 and Burke and Hsieh, 2006), training and progress (Walsh and Taylor 2007); Hence keeping in mind the Pakistan economic background following few factors was considered in order to access employee turnover in banks

2.1 WORK ENVIRONMENT

If working situations are insufficient or the place of work have absence of important accommodations such as proper lighting, furniture, restrooms and other health and safety provisions, employees will not be willing to put up with the problem for long time. (SHAMSUZZOH & SUMON.anti) Organizational uncertainty has been shown to have a high degree of high turnover. Suggestions are that employees are more expected to stay when there is a expectable work environment and vice versa (Zuber, 2001). In organizations where there was a high level of ineffectiveness there was also a high level of staff turnover (Alexander et al., 1994). For employer losing a particular key worker may reduce the likelihood of plan achievement and financial assurance can be reducing in the company. Main causes of Turnover are Salaries Working environment and safety of job. Turnover mainly gets up from discontent from job place. In opposing employee also strapped to leave job due to the disappointment in their present workplace. (Shamsuzzoh & Sumon.anti)

2.2 JOB STRESS

Giga and Hoel in 2003 determined that high rates of mergers, acquisitions, increasing economic interdependence among countries due to globalization, technical development, and rearrangement have changed the organizational work over the last few eras have caused in time pressure, excessive work demand, role conflicts, ergonomic deficiencies and challenging customer relationship are causes of stress. Kahn et al. (1964) also consider stress as a conservation incentive to a person, or an oddity between individual and environment. The knowledge of job related stress (job stress), the series of reasons that lead to job related stress (stressors), lack of commitment in the organization; and job frustration make employees to quit Firth et al. (2004).

2.3 CAREER GROWTH

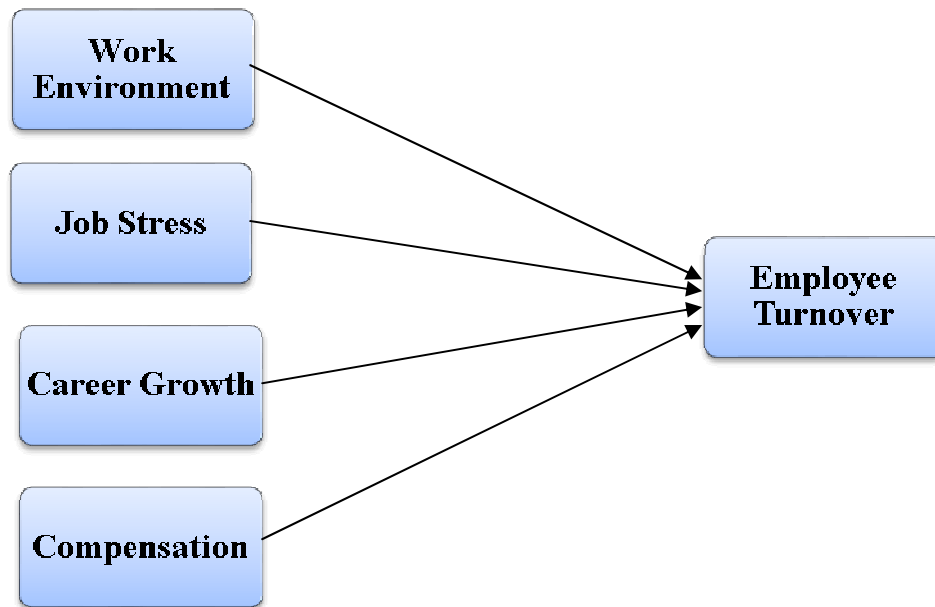
Larson (2004) says career evolution creates stress on employee's understandings of the value of his or her career prospects. Obstacles in career development can appear at any time during an employee's employment period which serves as stressor for them. These stressors can contain an array of problems like being trapped at a position, deprived of any expectations of improvement or pressures of downsizing (Smith and Cooper, 1994). Career progress is much more significant than salary in Europe or America but it is calculated correspondent to salary in Asian context (Europhia, 2008). "Moving Up or Moving Out" counts career growth as basic for turnover (Europhia, 2008). High employee turnover could also be due to no prospective chance for progressions or promotions. Employees prefer other companies which may offer them with higher posts and increased recompense packages. (Rampur, 2009)

2.4 COMPENSATION

One mutual reason of high employee turnover rates is low salary and profits packages. When a worker is engaged in a low-wage position with restricted benefits, there is little encouragement to stay if a comparable employer offers even a considerably higher rate of pay. "While lower paying job roles involvement a general high average of employee turnover, they have a habit of to cost firms less per additional employee than do higher paying job roles. However, they sustain the cost more often. For these reasons, most companies emphasis on

employee retention strategies irrespective of pay levels." (Beam, 2009) Workers who make more, but whose incomes drop short of the going market rate, may be underestimated at their current companies and look for a company that will recompense them what they're worth (Firth et al., 2004)

3. THEORETICAL FRAMEWORKS



4. HYPOTHESES

H0: There is no relationship between work environment and employee turnover.

H1: There is a significant relationship between work environment and employee turnover.

H0: There is no relationship between career growth and employee turnover.

H2: There is a significant relationship between career growth and employee turnover.

H0: There is no relation between compensation and employee turnover.

H3: There is a significant relationship between compensation and employee turnover

H0: There is no relationship between job stress and employee turnover

H4: There is a significant relationship between job stress and employee turnover

5. RESEARCH METHODOLOGIES

5.1 DATA COLLECTION

The respondents of the study are the private and public banks in Bahawalpur district (Pakistan). Conventionally, study (Abdullah et al, 2011) was conducted to evaluate the factors of employee turnover so the employees are selected as respondents due to convenience and get better results.

5.2 SAMPLE SIZE DETERMINATION

Population includes employees of all the branches of banks of Bahawalpur district as there are 116 branches of banks in Bahawalpur district. So the number of population is 250 that consist of employees of banks of Bahawalpur district whereas the sample size according to the table of Krejcie, Robert V. Morgan and Darley W (1970) is 150. In this study random sampling technique is used.

5.3 RESEARCH INSTRUMENT

The instrument used for data collection was questionnaire on 5-point likert scale from strongly agree to strongly disagree, where point-1 indicate strongly agree, 2 agree, 3 neutral, 4 disagree and 5 strongly disagree, developed by Abdulla et al., (2011), Zuber (2009).

5.4 DATA ANALYSIS

Data was entered, edited and analyze by using software SPSS version 16 and Microsoft excel by applying the following techniques; Croon Bach's alpha, correlation and Regression.

6. CRONBACH'S ALPHA

Table 6.1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha based on standardized items	N of items
.853	.851	25

To check the internal reliability of the instrument, Cronbach's alpha was run. The value of Cronbach's Alpha comes to 0.853 which is above the standard value proposed by (Nunnally, 1978) of 0.60 this shows that our instrument is reliable and we can confidently apply different statistical tests and interpret the results with confidence.

CORRELATION ANALYSIS

Table 6.1

	Employee turnover(DV)	Work environment (IV1)	Career growth (IV2)	Compensation (IV3)	Job stress (IV4)
Employee turnover (DV)	1	.553**	.453**	.287 **	.548**
	150	.000	.000	.000	.000
		150	150	150	150

Pearson correlation was run to check the relationship of variables with each other and whether any observed variable has perfect covariance with any other variables, which are observed in the study. From the table 6.1 it is observed that all relationships were found significant. The correlation value of work environment is .553 which shows that work environment has large impact on employee turnover. There is weak relationship between compensation and employee turnover with the correlation value 0.287 which is below 0.5 it shows that compensation has lower impact on employee turnover. It means there is a weak relationship between the compensation and employee turnover. Then job stress having the correlation value 0.548 which shows that relationship exist between job stress and employee turnover. Job stress has a large impact on employee turnover. Career growth has correlation value 0.453 which shows that there must be an impact on turnover but there is less influence of career growth on employee turnover.

7. REGRESSION ANALYSIS

Table 7.1 Model Summary

	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.666 ^a	.444	.429		.58747

a. Predictors: (Constant), WRK_ENVR, CAR_GR, COMP, JOBS,

b. Dependent Variable: EMP_TRN

As the table 7.1 shows the model summary of in which the value of R is .666 which shows that there is strong correlation between independent and dependent variable. The value of R square is 0.444 which shows that model is good fit. Therefore our all alternative hypothesis are accepted with the significance value less than 0.05 which shows that all independent variables have great influence on dependent variable employee turnover.

ANOVA TABLE OF REGRESSION

Table 7.2 ANOVA^s

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	39.951	4	9.388	28.940	.000 ^a
Residual	50.043	145	.349		
Total	89.993	149	.345		

a. Predictors: (Constant), WRK_ENVR, CAR_GR, COMP, JOBS,

b. Dependent Variable: EMP_TRN

The 7.2 table shows that F significance is 0.000 which is less than 0.05 which shows all independent variables do a good job in explaining the dependent variable.

8. CONCLUSIONS

Employees have tried to work with energy, capability and purpose even if they are not provided with the support; they need to achieve their tasks with morality. They are more intensive to avoided stress and at their work place reduce directly affects their performance. If avoided then turn-over are extraordinarily high and in this feasible business world of today, if such be the ratio of employee turn-over then organizations could let-down. This finally indicates to increase the working situations and the working relationships among employees in the organizations. If the employees becoming slightly stress through the job. They desired to leave for few days and taking rest at home. The relation with the employees and Supervisor should be positive, close and good. It is imperative for the firms to deliver friendly environment for holding and developing the employees. Development of employees is the ultimate development of Organization.

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