

# Factors Determining Job Turnover: A Study on Some Leading Private and Public Sector Companies of Bangladesh

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## Abstract

What causes job turnover? Why do some people frequently change their jobs? The answer is, 'definitely some factors are responsible for this'. This article aimed at identifying the factors which lead to job turnover in Bangladesh. In order to collect data for this study a comprehensive questionnaire was distributed to 150 employees of different private and public organizations in Bangladesh, of them 143 usable responses were received (drop-out rate: 5 percent). The results showed that the main factors for which people quit their jobs were Work load and supervision, Retirement benefits, Administration, Pay and facilities, Job Challenges, Job Availability and performance. The suggestion of this study was that, the organizations experienced excessive rate of job turnover should consider the said factors employee retention and maintenance.

**Keywords:** job turnover, commitment, intention to quit, job dissatisfaction, organization.

## 1. Introduction

Employee turnover technically projects the rate of employees leaving a company and new employees filling up their positions. Employee turnover is not a good thing for any company as it directly hits the cost aspect. And yes, employee turnover is expensive (Jose, 2013; Talukder et. al 2014; Alam and Bhuiyan, 2015; Islam and Alam, 2015). Simply job turnover refers to the situation when employee quit his or her job. It is basically resulting from dissatisfaction about job or the lack of commitment. The process of job turnover can be described as job dissatisfaction is the first step, followed by intention to leave, which finally, in some cases, can result in actual turnover (Mobley et al. 1979; Bannister & Griffith 1986; Alam and Bhuiyan, 2015; Islam and Alam, 2015). This process is, of course, of varying duration in time and does not necessarily have to follow a straight line. A person may move back and forth between job dissatisfaction and intention to leave or remain in this 'borderland' for longer periods (Tham, 2006). Even though the process does not always reach its final stage resulting in actual turnover, it is important to capture the factors related to work tasks or to the organization that seems to be associated with this process (Tham, 2006). The main focus of the present study was, therefore, not upon the question of a person leaving his or her place of work or how close the connection was between job dissatisfaction and turnover, but rather on what factors are responsible for achieving the situation that employees quitting their jobs or having the intention to leave.

## 2. Literature review

The causes behind job turnover vary from country to country, organization to organization and even person to person. As Powell outlined that the main causes of employee turnover were lack of opportunities for professional development, inadequate compensation, boredom/lack of challenge, poor work/life balance, job stress and unfair treatment. Similarly Bullock (2013) indicated the main reasons of voluntary employee turnover as, lack of opportunities for career advancement, pay/benefits, lack of Person-Job Fit, issues with management/work environment. Lack of vision, low salary, poor working environment, growth policies and low employee engagement are also the causes stated by Jose (2013). Another study of Leahy revealed that the major causes of high employee turnover were the intention of high pay, less challenging job and poor management (Alam and Bhuiyan, 2015). A recurrent theme in the turnover literature is that the availability of alternative jobs influences turnover intentions and behavior. For example, March and Simon (1958) stated that: "Under nearly all conditions the most accurate single predictor of labor turnover is the state of the economy when jobs are plentiful, voluntary movement is high; when jobs are scarce, voluntary turnover is small". March and Simon (1958), however, further argued that general labor market conditions influenced voluntary turnover through perceived ease of movement, which interacted with perceived desirability of movement to influence turnover. Their model suggests that certain factors (e.g. dissatisfaction) may "push" the employee to look for alternative employment, while other factors (e.g. the perception of attractive alternative job opportunities) may "pull" the employee to consider alternative employment.

A subsequent model by Mobley et al. (1979) similarly hypothesizes that "economic-labor market" factors (e.g. unemployment, vacancy rates) influence turnover indirectly. Similarly, Mowday et al. (1982) and Michaels,

Spector and Charles (1982) have argued that an intention to quit is more likely to result in voluntary turnover when labor market conditions are such that alternative jobs are more generally available. As Michaels, Spector and Charles (1982), suggest: "If a person intends to quit a job, he or she most likely would qu it when another job became available". On the other hand, because most people do not quit one job without first lining up another (Mattila, 1974). Despite of an intention to quit (based partly on perceived ease of movement), an employee may stay with the organization because general labor market conditions result in a generally low level of alternative job openings (Gerhart, 1989).

Studies of working conditions in human service organizations have emphasized the importance of specific aspects of the organizational context as supervision, support and feedback. In more recent years, the importance of organizational culture and climate has also been stressed (Tham, 2006). A meta-analysis of antecedents to retention and turnover among social workers and other human service employees (MorBarak et al. 2001) concluded that employees are likely to leave the organization, who lack organizational and professional commitment, who are unhappy with their jobs and who experience excessive stress and even burnout. Oxenstierna (1997) stated that employees who are unhappy with management practices also leave the organization.

Other studies have emphasized the importance a poor relationship with one's immediate superior has been found to be decisive for the decision to leave (Samantrai, 1992). An interview study found that new graduates who decided to leave their jobs shortly after employment were often dissatisfied with the extent and quality of the supervision (Rycraft, 1990). Perceived lack of support, insufficient relationship with one's immediate supervisor and an insufficiently supportive or cohesive climate in the organization are more often mentioned as decisive for job dissatisfaction and/or intention to leave than is overwhelming job demands and a difficult work situation (Tham, 2006).

Employee turnover is one such element of change that directly affects the bottom line of the organization (Leahy, 2012). High employee turnover has grave implications for the quality, consistency, and stability of services (MorBarak et al. 2001). Turnover can have detrimental effects on clients and remaining staff members who struggle to give and receive quality services when positions are vacated and then filled by inexperienced personnel (Powell, 2012). High turnover rates can reinforce clients' mistrust of the system and can discourage workers from remaining in or even entering the field (Todd & Deery - Schmitt, 1996; Geurts et al. 1998). High turnover has been recognized as a major problem in public welfare agencies for several decades because it impedes effective and efficient delivery of services (Powell, 2012). Employee turnover in human service organizations may also disrupt the continuity and quality of care to those needing services (Braddock & Mitchell, 1992).

The direct costs of employee turnover are typically grouped into three main categories: separation costs (exit interviews, administration, functions related to terminations, separation pay, and unemployment tax), replacement costs (communicating job vacancies, pre-employment administrative functions, interviews, and exams), and training costs (formal classroom training and on - the - job instruction) (Braddock & Mitchell, 1992; Blankertz & Robinson, 1997). The indirect costs associated with employee turnover are more complicated to assess and include the loss of efficiency of employees before they actually leave the organization, the impact on their coworkers' productivity, and the loss of productivity while a new employee achieves full mastery of the job (MorBarak et al. 2001). Turnover can cause a deterioration of rapport and trust, leading to increased client dissatisfaction (Powell et al. 1992). Turnover thus can reduce organizational effectiveness and employee productivity (Tham, 2006).

### **3. Objectives of the study**

The main objective of this paper is to identify the major factors which are responsible for employees leaving their jobs in Bangladesh. However, the most concrete directions covered in this study are:

1. To provide a demographic information about the rate of leaving jobs;
2. To identify the rate of leaving job on the basis of public and private jobs;
3. To provide further research direction based in the causes of turnover.

### **4. Materials and Methods**

#### *4.1 Sampling Area and Sample Selection*

This research was based on a field work conducted in two largest cities of Bangladesh: Dhaka and Chittagong. Purposive sampling technique was uses to collect data from the respondents.

The survey questionnaire was distributed to 150 employees of different renowned private and public sector companies of Bangladesh as: banks, insurances, garments, pharmaceuticals and universities. Among them 148 responses were received and 5 unusable responses were found. Eliminating those 143 respondents' data was used for this study.

#### 4.2 Sources of Data

Both the primary and secondary data were used in the present study. Secondary data and information were collected from the existing literature in the said field and the primary data and were collected through the questionnaire survey.

#### 4.3 Questionnaire Design and Tools Used

A structured questionnaire with both closed and open ended questions was used for collecting primary data. For the closed ended questions, five point Likert scale was used, where: 1= strongly agree, 2 =agree, 3= neutral (neither agree nor disagree), 4= disagree, and 5= strongly disagree. Statistical Package for Social Science (SPSS) was used to analyze and interpret the data.

#### 4.4 Reliability and Validity of Data

The initial reliability of the items was verified by computing the Cronbach's alpha. The Cronbach's alpha suggests that a minimum alpha of .6 is sufficed for early stage of research. The Cronbach's alpha estimated for all of the variables was .826 (table 1). As the Cronbach's alpha was much higher than .6 the constructs were therefore deemed to have adequate reliability. Prior to data collection, the questionnaire were given to 15 respondents to assess the completeness of language, as well as the understanding of the items and get suggestions.

**Table 1: Reliability Statistics**

Cronbach's Alpha	N of Items
.826	23

### 5. Results and Discussion

#### 5.1 Turnover Rates in Different Situations

Analyzing the questionnaire after survey following rate of turnover are found for the male and female and for private and public sector jobs:

**Table 2: Rate of job:**

Particulars	Percentages
Quit rate for the male	86.67%
Quit rate for the females	13.33%
Quit rate for the govt. job holders	3.8%
Quit rate for the private job holders	96.2%

From the above table (table 2) we find that the rate of job turnover among the male (86.67%) is more than that of for female (13.33%) and similarly the rate is very much high (96.2%) in case of private sector jobs comparing to the public sector jobs (3.8%).

#### 5.2 Descriptive Statistics

The following table (table 3) shows the mean, standard deviation of the variables. Looking at the mean, we can conclude that low salary, absent of pension facilities, inappropriate performance appraisal and recognition, less scope of growth and development, low increment etc. are the most important variables that influence employees to quit their jobs (since the scale is 1 for strongly agree, 2 for agree, 3 for neutral, 4 for disagree and 5 for strongly disagree). The mean values of these variables are 1.91, 2.09, 2.17, 2.24 and 2.31 respectively.

**Table 3: Descriptive Statistics**

Causes (factors) of job turnover	Mean	Std. Deviation
Low salary	1.9126	1.06740
Unspecified salary structure	2.8641	1.38655
Low increment	2.3107	1.17180
Less job security	2.5340	1.37067
Excessive work pressure	2.4660	1.23523
Excessive supervision	2.7864	1.27303
Poor working environment	2.8350	1.40794
Unhelpful colleagues	3.3689	1.21260
Poor administration	2.6408	1.37808
Poor management	2.5049	1.28241
Less renowned institution	3.0485	1.15791
Less facilities	2.3883	1.15668
Less scope of growth and development	2.2427	1.13298
More working hours	2.3592	1.21957
Rough and tough supervisors and bosses	2.7379	1.36455
Absent of pension facility	2.0971	1.20061
Absent of gratuity	2.3107	1.26823
Absent of provident fund facilities	2.7767	1.37150
Traditional job (not challenging)	3.1262	1.18553
Very much challenging job	3.0680	1.17375
Availability of job in the market	2.9417	.63901
High degree of job dissatisfaction	2.7864	.76248
Inappropriate performance appraisal and recognition	2.6699	.80912

**5.3 Kaiser-Meyer-Olkin (KMO) and Bartlett's Test**

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis is to proceed. If any pair of variables has a value less than this, consider dropping one of them from the analysis. The off-diagonal elements should all be very small (close to zero) in a good model. Looking at the table (table 4) below, the KMO measure is 0.746. The value 0.5 for KMO test is minimum and barely accepted, values between 0.7-0.8 are acceptable, and values above 0.9 are superb. **Bartlett's test** is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0. From the same table, we can see that the **Bartlett's test** of sphericity is significant That is, its associated probability is less than 0.05. In fact, it is actually 0.000, i.e. the significance level is small enough to reject the null hypothesis. This means that correlation matrix is not an identity matrix.

**Table 4: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.746
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	1.018E3
	253
	.000

**5.4 Communalities**

The communalities show how much of the variance in the variables has been accounted for by the extracted factors. For instance in the following table 5, over 83% of the variance in poor management, over 77% of the variance in traditional job is accounted for while 45% of the variance in less renowned institution is accounted for.

**Table 5: Communalities**

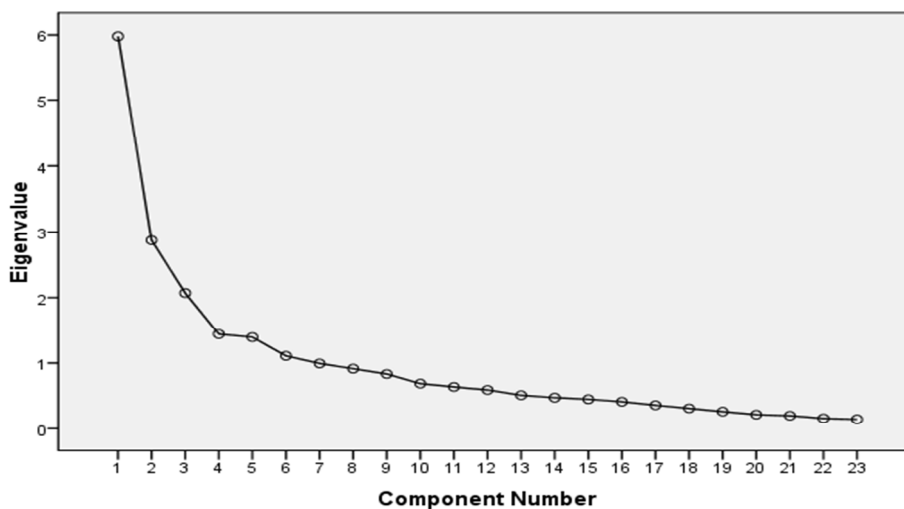
Causes (factors) of job turnover	Initial	Extraction
Low salary	1.000	.493
Unspecified salary structure	1.000	.602
Low increment	1.000	.459
Less job security	1.000	.492
Excessive work pressure	1.000	.718
Excessive supervision	1.000	.667
Poor working environment	1.000	.627
Unhelpful colleagues	1.000	.628
Poor administration	1.000	.744
Poor management	1.000	.832
Less renowned institution	1.000	.455
Less facilities (financial and non financial benefits)	1.000	.560
Less scope of growth and development	1.000	.546
More working hours	1.000	.651
Rough and tough supervisors and bosses	1.000	.676
Absent of pension facility	1.000	.709
Absent of gratuity	1.000	.658
Absent of provident fund facilities	1.000	.742
Traditional job	1.000	.779
Very much challenging job	1.000	.779
Availability of job in the market	1.000	.670
High degree of job dissatisfaction	1.000	.776
Inappropriate performance appraisal and recognition	1.000	.606

Extraction Method: Principal Component Analysis.

### 5.5 Scree Plot

The scree plot is a graph (graph 1) of the eigenvalues against all the factors whereas the eigenvalue refers to the standardized variance associate with a particular factor. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten between factors 4 and 5. On the following graph we can see that factors 1 to 6 possess the eigenvalues more than 1 and the remaining factors (factor 7 to 23) have the eigenvalues of less than 1, so only six factors have been retained.

**Scree Plot**



Graph 1: the scree plot

### 5.6 Factor Matrix

Looking at the table (table 6) below, we can see that the variables/factors availability of jobs in the market and Inappropriate performance appraisal and recognition are loaded on Factor set 6, traditional job and very much challenging job are loaded on the factor set 5, low salary and less facilities are loaded on the factor set 4, All other remaining variables/factors and their loadings are shown in the following table:

**Table 6: Factor Matrix<sup>a</sup>**

Variables	Factor sets					
	1	2	3	4	5	6
Low salary				.714		
Unspecified salary structure						
Low increment						
Less job security						
Excessive work pressure	.763					
Excessive supervision	.789					
Poor working environment						
Unhelpful colleagues						
Poor administration			.778			
Poor management			.849			
Less renowned institution						
Less facilities				.646		
Less scope of growth and development						
More working hours	.728					
Rough and tough supervisors and bosses	.677					
Absent of pension facility		.772				
Absent of gratuity		.847				
Absent of provident fund facilities		.808				
Traditional job					.872	
Very much challenging job					-.875	
Availability of job in the market						.885
Inappropriate performance appraisal and recognition						.865
High degree of job dissatisfaction						

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

### 5.7 Naming Of the Factors

Following table (table 7) shows the factors composed with the variables used in this study as the causes of job turnover. Factor 1 is named as compensation structure which is composed with the variables unspecified salary structure, less job security, absent of pension facility, absent of gratuity and absent of provident fund facilities; similarly factor 2, named as management and organizational structure is composed with poor working environment, poor administration, poor management and less renowned institution and other factors are shown in the following table.



**Table 7: Naming of the factors**

Factor's name	Loaded variables
Work load and supervision	Excessive work pressure Excessive supervision More working hours Rough and tough supervisors and bosses
Retirement benefits	Absent of pension facility Absent of gratuity Absent of provident fund facilities
Administration	Poor administration Poor management
Pay and facilities	Low salary Less facilities
Job Challenges	Traditional job Very much challenging job
Job Availability and performance	Availability of jobs in the market Inappropriate performance appraisal and recognition

## 6. Conclusion

When measuring the impact of different aspects (factors) of work for which employees leave the job, it becomes clear that most of the organizations are very much reluctant to offer the basic facilities to their employees and thus it results the turnover. These causes (factors) are loaded into the different factors sets in the major findings of the study. Knowledge that, Work load and supervision, Retirement benefits, Administration, Pay and facilities, Job Challenges, Job Availability and performance seem to be the greatest importance for the employees' turnover. By adopting sound staff policies under which people feel rewarded, valued and well taken care of, it should, after all, be easier to prevent staff from leaving for reasons of poor management than for reasons of demanding, difficult and complicated tasks. So the organizations experience excessive rate of job turnover should be concentrated to consider the major factors to retain their employees.

## 7. Future Research Direction

The main focus of this study was to find out the factors for which employees quit their jobs, in future there may be research how to reduce the propensity of job turnover among the employees based on the factors identified in this study. In this study it is found that the rate of job turnover among the female employees is low than that of in male, future research may be conducted to explore the reasons of it that's why it is low for the female and why high for the male. Another finding was the rate of turnover is higher in case of private jobs and lower in public jobs, so in future the research may be conducted to find out the reasons.

Yet, there are few empirical studies examining causes and antecedents of turnover. Though the understanding of the causes of turnover is a first step for taking action to reduce turnover rates but in order to retain employees effectively, employers must know what factors motivate their employees to stay in the field and what factors cause them to leave. So, further research may be about how to retain the employees in the organization.

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## **Appendix I** **Survey Questionnaire**

### **Part I: Necessary Information**

Name:

Position:

Institution:

Mobile:

Your previous job was: Govt. Job / Private Job



**Part II: Factors (causes) are responsible for quitting the job**

Please check the suitable option for each of the following factors (causes) is responsible for your quitting the previous job.

Factors	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1. Low salary					
2. No salary structure					
3. Increment is too low					
4. Less job security					
5. Excessive work pressure					
6. Excessive supervision					
7. Poor working environment					
8. Unhelpful colleagues					
9. Poor administration					
10. Poor management					
11. Less renowned institution					
12. Less facilities					
13. Less scope of growth and development					
14. More working hours					
15. Rough and tough supervisors or bosses					
16. There was no pension					
17. There was no gratuity					
18. There was no provident fund					
19. That was not a challenging job					
20. That was a challenging job					

**\*You may mention more causes other than the above:**

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