INTERNATIONAL ACCOUNTING AND BUSINESS CONFERENCE 2015, IABC 2015

Exploring the Factors of High Turnover in Retail Industry in Negeri Sembilan

Noraishah Kamarulzaman[a*], Nur Zafieara Zulkeflee[b], Hairiani Abdul Hamid[c],
Norshahniza Sahari[d], Fazlin Natasya Abdul Halim[e]

[a,c,d,e]Lecturer, Universiti Teknologi MARA, KM12, Jalan Muar, 85009, Segamat, Johor, Malaysia
[b]Student, Universiti Teknologi MARA, KM12, Jalan Muar, 85009, Segamat, Johor, Malaysia

Abstract

The purpose of this study is to find possible reason of high turnover rate in a retail industry in Negeri Sembilan and to determine the possible way to reduce the rate. The research method used is qualitative study in primary data and secondary data are used. The primary data is obtained from interviews and data from the human resources department. The secondary data is acquired from past researches, journals and interviews. The participants for this research consist of staff members from the top management level, middle management level and lower management level. The findings indicate that the retail industry in Negeri Sembilan has failed to deliver well on the job scope to their new employees.

Keywords: Human Resource Management; Turnover; Retail Industry;Human Resource; Manpower.

* Corresponding author. Tel: +607-9352000
  E-mail address: norai213@johor.uitm.edu.my

1. Introduction

In retail organization, the manpower plays an important role in the running of the business, even more so in a competitive business environment. Hence, a high rate of manpower turnover is one of the elements that must be avoided by the retailer. Every organisation wishes to have a business that generates a lot of profits. Therefore, having a high turnover rate in terms of profits is good. However, having a high turnover rate of manpower can give a negative effect to the organisation. Insufficient manpower exposes the top management of a particular organisation to possible challenges and difficulties. The problem is further heightened when the organisation in question is involved in retail management, for example, one involved with the running of a hypermarket.

This is because this research was touch about the manpower. From the observation made by the researchers, the management of this organisation has had to face a high rate of manpower turnover starting from early 2014 until now. This issue has led to many conflicts for the organisation. Each month, Giant Senawang hires more than three new employees. However, most of them resigned after a short period of time.

This problem has affected the whole operation of Giant Senawang, as acknowledged by their Division Head and administrative personnel. Therefore, the researchers have decided to investigate the reason for the high manpower turnover in Giant Senawang by using suitable methods of collecting primary data and secondary data.

Initial observation indicated that Giant Senawang has faced the issue of manpower shortage for quite some time. According to the information gathered by observation and interviews with the staff members, this issue began in early January 2014 and has continued until present time. It became critical when many newly hired employees tendered their resignation after being employed for a short period of time. Statistically, more than 3 new hires will resign every month. The graph below shows the rate of staff resignation from 2008 to 2014. It also highlights the drastic increase of number of the staff resignation in 2014. The source of this information is the Human Resources Department of Giant Senawang. This high turnover rate has a greatly impacted the human resources department, top management and also the staff members at the sales floor. The shortage in manpower can lead to low productivity as well as affecting the motivation level of other staff members.

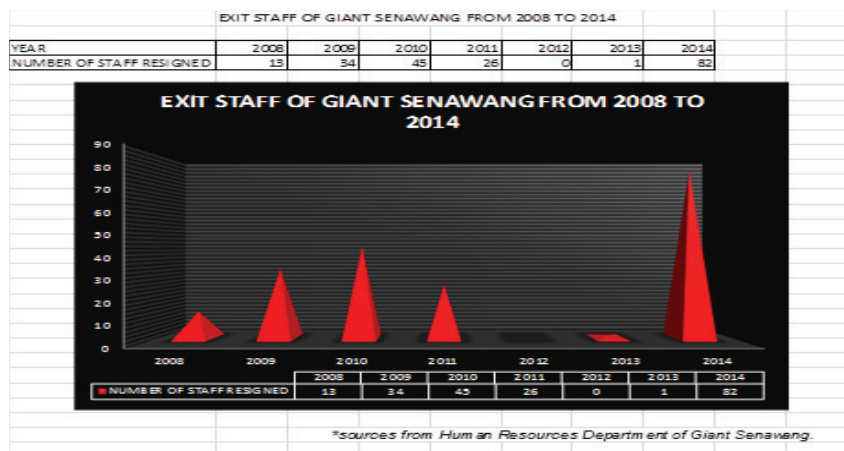| YEAR	2008	2009	2010	2011	2012	2013	2014
NUMBER OF STAFF RESIGNED	13	34	45	26	0	1	82

Fig 1: Exit Staff of Giant Senawang From 2008 to 2014

The graph show the number of staff exit from Giant Senawang from 2008 to 2014. The researcher gets the information from the human resources department of Giant Senawang. The information given was approved by the human resources executives and used with the permission from the management.

In 2008, 11 staff resigned from Giant Senawang. This is followed by 14 staff in 2009. The number then increased to 45 staff in 2010. The number decreased to 26 in 2011 and was further reduced to 0 in 2012. 2013 saw a

slight increase of 1resigning staff member before the number sharply rose to 82 staff in 2014. This graph clearly indicates that Giant Senawang is facing an inconsistency in manpower loyalty. It seems hard to create a sense of loyalty among employees when the actual reason for the high turnover rate is ignored by the management.   The high manpower turnover rate also led to other problems for the management.   Among others, it created dissatisfaction among customers over the lack of update for the shelf labels and insufficient customer readiness at the sales floor. This issue has also forced the management staff to take over the workload of other departments

2. Literature Review

Retail is crucial to the economies of most countries, mainly because of its large impact to the local and international businesses. The retailing sector in Malaysia has undergone continuous and significant changes over the last few decades (Waheed, January 2011) High employee turnover rate has increasingly been an issue of interest to both practitioners and academicians, not just in developed countries, but also in the developing countries (Rohani Salleh, 2012).

In the retail sector, employees have a direct impact on the customer, and the employee-customer relationship is an important consideration for a company's success. Salespeople deal directly with customers, so salespeople's attitudes, behaviours especially pertaining to how they treat customers, will determine whether the customers will be loyal to a particular retailer (Waheed, January 2011). Thus, the company's manpower is an important element that contributes to retail companies achieving their goals. All of the staff in the retail company has to acknowledge this and work on the best way to entertain the customers. In addition, the perception of the employees towards the organisation will also affect their behaviour towards the customer.

High employee turnover has an impact on the quality and quantity of production (Wu, 2012). The management has to build employee loyalty in order to avoid the high manpower or employee turnover rate. Employee loyalty can be defined as a psychological attachment or commitment to the organization and develops as a result of increased satisfaction on the part of the employee (Wan, 2002). It is not easy to change the employees' attitude and perception towards the organisation.

As most of the drivers are directly under management's control, once management understands what drives employee loyalty, appropriate steps can be taken to boost loyalty and retain employees (Wan, 2002). Managers should pay more attention on employee's job satisfaction and organizational commitment to improve them and reduce employee turnover intention. This is to ensure the low cost and high competitiveness of organization (Wu, 2012).

Retail industry provides ample job opportunities for employees of various educational backgrounds. The positions offered to employees parallels their level of education. For example, the staff with the highest level of education will occupy the top level positions, followed by those with middle and low level education. Employees in the sales line however, have the opportunity to be promoted to the highest position, regardless of their educational background. The promotion will take into consideration several aspects like the duration of service, attitudes, attendance, commitment, effectiveness and having a vision for the business.

Most Malaysians have become more affluent, sophisticated, and discerning; preferring to shop at retail outlets that not only offer quality goods but those that employ friendly,knowledgeable, and empowered employees (Tay, 2011).   Retailing industry provides a lot of position and alleviates employment pressure. Most of the position is lower middle level position such as sales, cashier, tally clerk (Wu, 2012). The positions available include those from the sales lines and administration area. The jobs in the sales lines are general manager, division head, department head, supervisor, management trainee, sales assistant, security and cashier. The administrative positions include the human resources executives, accountant, personal assistant and general clerk.

All of the manpower that are employed by the retailer have their own responsibilities. To manage more than thousands of goods under one roof is not easy. The retailer must have a sufficient number of manpower to avoid many problems. With a sufficient number of manpower, they can perform better to market their goods. Some examples of tasks required in retail managment is the handling of all documents needed for each department, regular update of the shelf labels, entertaining the customer, securing the retailer builiding and many more.

However, a sufficient number of manpower is not enough if they are untrained. That's why most retailers train their employees so that their business operation will proceed smoothly. As an example, capturing the attention of

the customer is no easy task. If employees are not given a standard operation procedure on how to entertain and satisfy the customer, the retailer may not be able to achieve their sales target. This is why having employees who are untrained or lack training will turn them into a risk for the retailer.

Most retailers face high rate of employee turnover when they fail to satisfy their staff. The employee turnover may be due to various reasons. The experience of job related stress (job stress), the range of factors that lead to job related stress (stressors), lack of commitment in the organisation and job dissatisfaction make employees quit (Ongori, 2007). The burden they feel towards the job can also make them have resign intention. The job stress may come from the unwillingness to apply teamwork elements when performing tasks, uncomfortable working condition and others. The turnover intention is related to the feeling of satisfaction towards the organisation. Job satisfaction, career satisfaction, and organisational commitment reflect a positive attitude towards the organisation, thus having a direct influence on employee turnover intentions (Ongori, 2007).

The way information is delivered also seems to be the reason that leads to turnover intention. The emphasis on communication "content" has shifted to "behavior" as a part of the communication process because employees' interpretation of supervisory communication depends not only on "what" is said but also on "how" it is said (Shilpee A. Dasgupta, 2012). Communication methods may involve voice projection volume, language used and the suitability of place during information delivery.

Some potential employees or job hunters want to be employed by retailers that with a strong base and are successful in their business operation. In situations where the organisations are not stable, employees tend to quit and look for more stable ones because with stable organisations, they would be able to predict their career advancement (Ongori, 2007). Employees also seek economic security as they have responsibilities, either to themselves or their family.

The choice of potential employers is made for various reasons. Some employees choose to apply for the jobs with the certain retailer because of the location. Others may do it for different reasons. Demographic factors that have been found to have stable relationship with turnover intention in past researches include age, tenure, level of education, level of income, and job categories, whether managerial or non-managerial (Naresh Khatri, 1999).

Some retail management staff may not highlight or expose employees to their job scope, which may contribute to the employees not performing well at work. If the roles of the employees are not clearly spelled out by the management or supervisors, this would accelerate the degree of employees quitting their jobs due to lack of role clarity (Ongori, 2007). In the retail industry, the responsibility of explaining job scopes to new hires is shared by several different staff members. They include human resources personnel, division heads, department heads and other senior employees. Failure to fully convey job scope to new employees may lead to resign intention.

3. Methodology

The two types of data utilised in this study are the primary and secondary data. Primary data are data obtained by the researcher while secondary data refers to established data already published in journals, books, online resources and others.

As this is a qualitative study, the two methods of primary data collection used by the researchers are observations and interviews. The aim of this research is to investigate the reason behind the high turnover rate among the employees. As such, these two methods are suitable to be used as they help to address the validity and reliability of the collected data.

The first source of primary data is from the observation of the researcher which include the condition of the environment, the behaviour of the staff, the staff's intend to resign and others. The exit staffs are also included in the observation. Another source of primary data is the interview sessions between the researcher and selected staff members of Giant Senawang. The choosing of interview participants takes into consideration several criteria such as their duration of service, position in the organisation, age and several other relevant criteria related to the research.

In order to acquire the needed information from the operatives at Giant Senawang, initial contact was made to the management prior to the interview sessions. Potential interview candidates from all levels are identified and their contact information noted. The researcher then contacted the candidates to obtain their agreement on being the participants of the research. The staff involved in the interview session includes 2 informants from the top

management, 1 informant the from middle management and 1 informant from the lower management The interview sessions were then set up at the convenience of the participants.

After listing all the potential participants, the researcher sets the interview sessions. The interview with the top management staff was on the 26th November and 13th December 2014 at 5.00 pm at the main office. The interview with the middle management staff was held at a fast food restaurant. The interview session was on 11th November 2014 at 6.15 pm. The interview session with the informant from the lower management was held on 24th November 2014 at 4.36 pm. All of the interview sessions were recorded on video and audio recording device. The length of each interview session depended in the availability of the participants. All of the session includes questions on the informants' experience, opinion and advice and the participants responded favourably to the questions. The recorded interview sessions were then transcribed by the researcher. The interview sessions helped the researchers to come up with the necessary primary data for this research.

The secondary data refers to the establish data that has already been published in journals, online sources and books. The data taken from these resources relate to information on manpower, manpower turnover, retail industry and other related areas. The information available in past researches also guides this researcher on the several key terms which include manpower, turnover and retail industry. The journals and articles referred to by the researcher spans the length of 15 years, from 199 to 2014 and are mostly obtained via the Internet. The researcher also collected data on the history of the Giant retail company by accessing the available information on the company website.

4. Findings

The analysis of the research findings are used to achieve the research objectives. The first research objective is to investigate the reason behind the high turnover rate among the employees of Giant Senawang. The findings reveal that the position of the new hires and the salary offered to them are not the factors affecting the high turnover rate.

The first factor indentified is that the new employees were not exposed to their job specifications or job scope. It is actually the responsibility of the leaders and human resources executives to make sure that the new hires comprehend their job specification. Although the job scope and other information pertaining to the position is covered in the documents signed by these new employees, most of them fail to carefully read the documents and are unable to understand the information presented fully. .

The second factor is that most of the new hires are not getting guidance from their leaders. When they have no guidance, they will lose interest towards their job which then leads to them feeling unhappy at work. This eventually results in them resigning from Giant Senawang.

The third factor is the inconsistency of the store manager in managing her emotions. Previously, the store manager was a man and emotional inconsistency seems not to affect the working environment. The top management also admitted to having difficulties in working with the opposite gender.

The fourth factor relates to how the superior deliver information to the new employees. Information is passed down verbally and the words used in conveying the information may sound harsh to the newcomers. The new employees mostly feel humiliated by the way they are talked to.

Lastly, some of the newly hired staff only used Giant as their platform before being employed by other organisations. Most of the new employees are also those who had just finished their Sijil Pelajaran Malaysia (SPM) and may not have intended to continue working in favour of pursuing further study.

The second research objective is to find ways to reduce the high manpower turnover in Giant Senawang. Firstly, potential employees must be exposed to their job scope as early as during their job interview. This will ensure their readiness in joining the workforce. Then, the human resources executives must ensure that the new hires understand the information contained in each agreement that they signed. In addition, all new employees must be guided by the leaders as well as the human resources personnel. As for dealing with the store manager, the staff themselves must be willing to take things positively and handle things to the best of their ability. The communication process between the superior to the subordinates must also be improved in order to minimise the high manpower turnover rate in Giant Senawang.

The overall findings show that most of the new hires were unable to comprehend their job scope. This is due

their job scope not being fully laid out and explained to them in the beginning, either during their job interview or when they started working at Giant Senawang. There is also a lack of guidance from the management as well as their department heads. The communication methods used by the superiors or senior staff members also create an unhappy working condition for the staff. Therefore, in order to minimise the manpower turnover rate, the management have to expose new staff members to their job scope, take steps to ensure that the new employees fully understand the documents and agreements they signed and utilise a better communication method.

5. Gap Analysis

There are eight main points related to the reasons for manpower turnover in the retail industry and how to reduce it highlighted by past researches. The result from the gap analysis shows that all eight points from the gap analysis exist. This indicates that all of the past researches are relevant to this research. Most of the informants interviewed have come out with answers similar to findings from past researches. Below is the summary of each gap analysis:

Gap analysis 1 summarizes that there is no gap exist between this research and research by Ongori (2007). The findings show that experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization and job dissatisfaction make employees quit.

For gap analysis 2, there is no gap between this research and the research by Ongori (2007) which state that if roles of employees are not clearly spelled out by management/supervisors, this would accelerate the degree of employees quitting their jobs due to lack of role clarity.

Gap analysis 3 also does not find any gap between this research and research by Shilpee A. Dasgupta (2012) which found that the emphasis on communication "content" has shifted to "behaviour" as a part of the communication process because employees' interpretation of supervisory communication depends not only on "what" is said but also on "how" it is said.

Gap analysis 4 summarize that no gap exist between this research and research by Ongori, June 2007. The findings show that in situations where organizations are not stable employees tend to quit and look for stable organizations because with stable organizations they would be able to predict their career advancement.

For gap analysis 5, no gap exists between this research and research by Ongori, June 2007. It is found that job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude towards the organization, thus having a direct influence on employee turnover intentions.

Gap analysis 6 summarize that there is also no gap between the research and research by Naresh Khatri (1999). The findings shows that demographic factors that have been found to have stable relationship with turnover intention in past research include age, tenure, level of education, level of income, and job category (managerial or non-managerial).

Moreover, gap analysis 7 also does not indicate any gap between this research and a research by Wu (2012). The findings show that managers should pay more attention on employee's job satisfaction and organizational commitment to improve them and reduce employee turnover intention. This will ensure the low cost and high competitiveness of organization.

The last gap which is gap analysis 8 highlights that no gap exists between the research and research by Wan, 2002. The findings shows as most of the drivers of job satisfaction are directly under management's control, once management understands what drives employee loyalty, appropriate steps can be taken to boost loyalty and retain employees.

With no gap existing between the researches, it is clear that the high manpower turnover rate in Giant Senawang is due to the vague understanding of job scope and lack of job satisfaction caused by the leaders. Explaining the job scopes to new employees is the responsibility of the staff members from the human resources department. Ideally, it should be done during the interview process or before the employees sign official documents like the offer letter. Furthermore, job dissatisfaction is caused by the inefficient delivery of information by the superiors and the apparent lack of guidance and cooperation from the leaders. Some possible steps to reduce the high manpower turnover rate are discovered when these two big factors are exposed. Most importantly the management should provide clear explanation on job scopes to new hires and also take time to provide guidance to them.

6. Conclusion

As a conclusion, the findings from the research indicate that Giant Senawang internal problems have led to their high rate of manpower turnover for this year. The major factor that can be exposed from the interview session and the gap analysis is that the new employees lack understanding over their job scope. This is a serious issue as the job scope is important in order to make the employees understand the responsibilities that come with their position. The management should also improve their leadership skills as the findings show that most factors contributing to the high manpower turnover rate stem from the poor handling of the staff by the management.

References

Arokiasamy, A. R. (2013). A Qualitative Study on Causes and Effects of Employee. *Middle-East Journal of Scientific Research*, 1532-1541.

Kah Loong Leow, A. B. (December 2011). Organizational Commitment in the Hypermarket Industry:Today, Tomorrow, and Days to Come. *International Journal of Business and Information*, Volume 6, Number 2, .

Kamaruzaman, M. (2014, November 24). Exploring The Factor of High Manpower Turnover in Retail Industry: A Case Study at Giant Senawang. (N. Z. Zulkeflee, Interviewer)

Maslina. (2014, November 11). Exploring The Factor of High Manpower Turnover in Retail Industry: A Case Study at Giant Senawang. (N. Z. Zulkeflee, Interviewer)

Muhammad Aminu Bawa, M. J. (July 2005). HUMAN RESOURCE PRACTICES AS DETERMINANTS OF EMPLOYEE TURNOVER: AN EMPIRICAL INVESTIGATION. *Asian Academy of Management Journal*, Vol. 10, No. 2, 69–80.

Naresh Khatri, P. B. (1999). Employee Turnover: Bad Attitude or Poor ManagementT?

Ongori, H. (June 2007). A review of the literature on employee turnover. *African Journal of Business Management*, pp 049-054.

Rohani Salleh, M. S. (2012). Job Satisfaction, Organizational Commitment,and Turnover Intention:A Case Study on Employees of a Retail. *World Academy of Science, Engineering and TechnologyInternational Journal of Social, Management, Economics and Business Engineering*, Vol:6 No:12.

Salim, S. B. (2014, December 13). Exploring The Factor of High Manpower Turnover in Retail Industry: A Case Study at Giant Senawang. (N. Z. Zulkeflee, Interviewer)

Shah, A. N. (2014, November 26). Exploring The Factor of High Manpower Turnover in Retail Industry: A Case Study at Giant Senawang. (N. Z. Zulkeflee, Interviewer)

Shilpee A. Dasgupta, D. S. (2012). Impact of managerial communication styles on employees' attitudes and behaviours. *Employee Relations*, pp. 173 - 199.

Tay, A. (2011). HRM Practices of an International Retailer. *Asian Journal of Business and Accounting*,, 119-135.

Wan, H. L. (2002). Employee Loyalty at the Workplace:The Impact of Japanese Style of Human Resource Management. *International Management Journal*, Volume 3 Issue 1.

Wu, X. (2012). Factors Influencing Employee Turnover Intention:The Case of Retail Industry in Bangkok, Thailand. *University of the Thai Chamber of Commerce*.