

Analyzing the Factors Influencing Employee Turnover in Private Commercial Banks in Bangladesh

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Abstract: *Employee turnover turn into central issue to focus for organization's workforce development and strategy. Almost all private banks of Bangladesh have superior formation with excellent benefits but employee turnover occurs regularly. There are some factors that influence employee to leave the organization. The purpose of this research is to analyze the factors that influence employee turnover in private banking sector in Bangladesh. Time period of this study is from 01 March, 2015 to 31 May, 2015. A total of 16 variables responsible for influencing employee turnover are selected from related literature. Factor analysis has been conducted to reduce the number of total variables. Bartlett's test of Sphericity has been used along with the Kaiser-Meyer-Olkin (KMO) statistic. SPSS 16.0 has been used to analyze the data collected from primary sources through random sampling technique. This analysis reveals that tangible and intangible Compensation, physical stress out of organizational support, inconsistency of supervision and business status, underprovided hygiene factor, lack of proper training and development and transfer of jobs are the most important factors that may influence employee turnover. From this study the private Commercial banks of Bangladesh can get a clear view about the factors that may influence employee turnover of their respective organization in order to reduce turnover.*

Keywords: *Employee Turnover, Causes of Employee Turnover, Private Commercial Banks, Factor Analysis.*

1. Introduction:

Employee turnover takes place due to resignations, transfers, retirements, dismissals, or the completion of fixed term contracts. It can be defined as employee movement surrounded by the organization.

Determining the impact of employee turnover is essential in every organization. It is found from the research study that intense employee turnover frequently stimulates influential consequences which may endanger the efforts to attain organizational objectives (Abbasi and Hollman, 2000).

Since organization spends much on their employees in terms of orientation and training, developing, preserving them, so managers have to control the cost of employee turnover. Although, there is no common framework for understanding the procedure of employee turnover in a holistic manner but now a wide range of features have initiated (Kevin et al. (2004).

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Since a key barrier to high quality service may be caused by excessive employee turnover hence it is necessary to identify the reasons of employee turnover and what the employer can do to retain the best (Branham, 2005).

Employee turnover ratio can be illustrated by the number of organizational members who have left during the period being considered divided by the average number of people in that organization during the period. The key stone and primary reasons of turnover take place out of the frustration related to budget cutting, hiring freeze, layoffs, and lack of development funds and opportunities, are more likely to be sown at such times (Price, 1977).

It is discovered by some researches that at time of economic recession majority of the employee have the tendency to stay in the organization. Conversely, once the economy recovers employees will begin to leave their organization which is found by the analysis of the correlation between voluntary turnover (quits) versus unemployment and voluntary turnover versus consumer confidence (Chafetz, Erickson and Ensell (2011).

In the organizational turnover literature, a focus on determining the causes of employee intention to stay or leave have been appeared one of the recent research approaches. This paper focuses on the factors that persuade employee turnover in private banking sector in Bangladesh. Moreover, the purpose of this paper is to present the reader an extensive idea about the different factors that cause employee turnover in selective private banks in Bangladesh.

The study is considered with five sections. Following from the introductory chapter in One, section Two will review existing literature. Section Three will delineate the research methodology and statistical model which will be tasted. Section Four will present the findings of the study and section Five concludes the study.

2. Research Question:

What factors may influence employee turnover in private Commercial banks of Bangladesh?

3. Objectives of the study:

The main objective of this study is to analyze the factors that influence employee turnover in private Commercial banks of Bangladesh and the specific objectives are:

- To identify the wide-ranging causes that may influence employee's decision to leave the organization.
- To examine the most important factors among redundant factors by using factor analysis that influence employee turnover in the private Commercial banks of Bangladesh.
- To recommend some feasible strategies for organizations on the basis of current scenario.

4. Research Methodology

The present study has been conducted to analyze the factors that influence employee turnover in private Commercial banks of Bangladesh. This research is a quantitative research and is arranged by survey strategy. To conduct the study both primary and secondary data have been used. To collect primary data a structured questionnaire has designed on the basis of the objectives of the study. The copies of the questionnaire have given to the respondents physically. The secondary data was collected using publications, research studies, books, websites and articles on employee turnover and their causes, intentions and retention strategies of private and public banking industries, hospitals, financial institutions and other sectors.

The target populations of this study cover employees from private commercial banks of Bangladesh and time period covered in this study from 01 March, 2015 to 31 May, 2015. A sample of 117 (n=117) employees are selected purposively from 14 private commercial banks (Among 39 registered private commercial banks) of different areas of Dhaka cities in Bangladesh. The sample size is 117 considering 99% incidence rate and 95% completion rate. The sampling technique used in this research was simple random sampling for the selection of different private commercial banks. A structured questionnaire has been used to collect the opinion regarding the factors that influence them to leave particular organizations. The questionnaire constituted of 7-points likert scale (where 1 indicated strong disagreement and 7 indicated strong agreement) along with some multiple choice questions (MCQs) and dichotomous questions. The collected data have been analyzed using SPSS 16.0 and MS Excel 2007 for factor analysis and some frequency distributions. In this study, 16 variables have been taken into consideration. The variables are derived from reviewing the literature on related subject matter. And for the factor analysis to be appropriate, the variables must have to be correlated. These variables are as follows: V1- Pay packages are not attractive, V2- Due to work life imbalance, V3- Travelling distance to work, V4- Having huge pressure on work, V5- Relocation of jobs, V6- Lack of career advancement, V7- Partiality and favoritism by authority, V8- Lack of proper training and development, V9- Due to conflict with supervisor or coworker, V10- Because of long working hour, V11- Having unrealistic target, V12- Lack of job security, V13- Due to goodwill and reputation of other company, V14- Delay of promotion, V15- Lack of motivation or appreciation, V16- Uncomfortable working condition.

5. Literature Review:

Employee turnover has turn into a significant part of research from both a theoretical and practical perspective. From the theoretical perspective it is important to recognize how the fundamental causes of turnover can be controlled. Alternatively, from practical viewpoint, how much it is important to minimize the turnover of skilled employees to reduce employee replacement costs (Keaveney, 1992).

In the research study it is found that employees begin to evaluate both the job and environments related to job so their decision to continue or quit is highly dependent on the roles played by the respective organization. Eventually, some factors like the pay

package, company policies, rules and regulations, the Herzberg hygiene factors, work monotony and burnouts may influence them to reach in final decision to remain with the present job or move on with the latest one (Mobley, 1977).

Besides these factors, there are some other factors called personal and trait-based factors can manipulate turnover rates. Personal factors comprise things such as changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. Excluding these personal factors, there are also trait-based or personality features that are allied with turnover (Mobley, 1977).

From the study of causes of employee turnover, it is confirmed that, turnover has a relationship with the particular situation like demographic and biographical characteristics of workers. This same study played an important role of clearing up the function of labor market and the process of matching workers to firms and on the environment of the employment relationship (Mitra et al. 1992).

Employee turnover model have vital implications in favor of wage determination, work organization, career prospects and the accumulation of firm-specific human capital (ILO, 2001).

Now day's organizations in general identify the important involvement that their employees take part in delivering services. Though, companies try to make all effort as well to downgrade internal costs as part of price commitment. Labor turnover is perceived as key area of cost, which should be considered and benchmarked. Labor turnover is considered as a major factor while measuring organizational performance (White, 1995). Therefore, Low turnover is considered as an asset in the competitive confrontation. High labor turnover is perceived as a problem to be controlled (Bannister and Griffeth, 1986; Glebbeek and Bax, 2004).

A few jobs are inherently more attractive than others. The attractiveness of a job will be affected by including its repetitiveness, challenge, danger, perceived importance, and capacity to bring out a sense of accomplishment. Another factor called job's status is also important as many other factors (Taylor, 2002).

From the researchers argument "pay" appear to be the most critical outcome of organizational membership for employees. To compensate employees with the highest possible wages is the primary and noticeable solution to the need for pay (Gupta and Shaw, 2001).

The most important causes of resistance involving employers and employees are actual and perceived lack of equality in the allocation of wages. To determine the wages, two intense approaches are available. One approach is to maintain the transparency where every employee is able to know what everyone else earns conversely employers should maintain the secret what they pay each employee as well as they should make a condition of the service that staffs should not talked about their salaries. Internally, it is difficult to have a fair system of rewarding wages and salaries to employees and also is matter of expenditure (Kusluvan, 2003).

Afterward, to deal with the specific management problems or goals pay systems plays a vital role. Therefore, it is essential to identify the comparative significance of each job and eliminate every possible causes of dissatisfaction. On the other hand to distribute wages and salaries fairly it is important to develop a logical system of evaluating jobs (Kusluvan, 2003).

When an employee takes delivery of two or more sets of expectations or demands that are ill-assorted and cannot be concurrently satisfied then it is evident that role conflict circumstances is experienced (Churchill, Ford, & Walker 1985).

Another major factor has significantly affected employees' intentions to leave an organization is short of meaningful work and opportunities for promotion. By enhancing job opportunities and job enrichment organization can control employee turnover (Miller and Wheeler, 1992).

There is a higher tendency among those employees to leave their jobs who perceived that the job preview that they received during the interview process were not realistic (Pitt and Ramaseshan, 1995).

From the research studies are focused on HR practices, it is clearly understandable that organization can reduce employee turnover by giving employees a choice of work schedule and shorter work hours, even though in the time of high workload (Bame, 1993).

For managerial trainees in a large merchandising firm found that organizational commitment reduced earlier to the individual's actually leaving the organization. In addition the level of job dissatisfaction diminishes as employers endeavored to contain all logical requests for improving the work situation (Porter, Crampton and Smith, 1976).

Research Gap:

Apart from the above factors mentioned in the literature regarding the factors that may influence employee turnover, the researcher identifies some factors in the context of Bangladesh with time duration of 2015, such as lack of training and development, travelling distance to work, relocation or transfer of job, partiality and favoritism, lack of motivation, lack of working condition and job security etc. By accumulation these factors the researcher may be able to get accurate result in this study.

Extended Results:

Bartlett's test of sphericity has been used to test the null hypotheses that the variables in the study are not correlated. In other words, the null hypothesis states that the population correlation matrix is an identity matrix. In an identity matrix, all the diagonal terms are 1 and all off-diagonal terms are 0. The test statistic for sphericity is based on a chi-square transformation of the determinant of the correlation matrix. A large value of the test statistic will favor the rejection of the null hypotheses. If this hypothesis cannot be rejected, the appropriateness of the factors will be questioned. Another useful statistic is the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. This index compares the

magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. Small values (below 0.5) of the KMO statistic indicate that the correlations between pairs of variables cannot be explained by other variables and factor analysis may not be appropriate.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.522
Bartlett's Test of Sphericity	Approx. Chi-Square	274.829
	df	120
	Sig.	.000

Consequently, from the above table, it is apparent that factor analysis is appropriate. Here, the KMO value is **.522**, which is between 0.5 and 1.0, and the approximate chi-square statistic is **274.829** with **120** degrees of freedom, which is significant at the **0.05** levels. Therefore, the null hypotheses can be rejected and the alternative hypotheses that all variables are correlated to each other can be accepted. To analyze the variables ranging from V1 to V16, factor analysis has been used for data reduction. This analysis divulges the most important factors that influence employee turnover in private commercial banks of Bangladesh.

Table 1: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.307	14.419	14.419	2.307	14.419	14.419
2	1.825	11.403	25.823	1.825	11.403	25.823
3	1.590	9.937	35.760	1.590	9.937	35.760
4	1.510	9.438	45.198	1.510	9.438	45.198
5	1.238	7.738	52.935	1.238	7.738	52.935
6	1.111	6.942	59.877	1.111	6.942	59.877
7	1.091	6.816	66.693	1.091	6.816	66.693
8	.889	5.556	72.249			
9	.858	5.365	77.614			
10	.787	4.918	82.532			
11	.612	3.827	86.359			
12	.532	3.326	89.685			
13	.511	3.197	92.882			
14	.448	2.798	95.680			
15	.385	2.408	98.088			
16	.306	1.912	100.000			

Extraction Method: Principal Component Analysis.

From the above table, only 7 factors have been extracted, as cumulative percentage is greater than 70% at this point and eigenvalue is greater than 1.0 (it is recommended that factors with eigenvalues greater than 1.0 should be retained) that indicates the adequacy of the analysis using derived factors.

Table 2: Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
Pay packages are not attractive.	.274	.000	-.271	.625	-.251	-.091	.123
Due to work life imbalance	-.400	.142	-.373	-.227	.242	.252	.232
Travelling distance to work.	-.015	.693	.040	.331	-.141	.000	.380
Having huge pressure on work.	-.088	.706	.114	-.017	.211	-.206	-.189
Relocation of jobs	-.284	-.019	-.058	.000	.052	-.109	.763
Lack of career advancement	.593	.006	.041	-.095	.052	.065	.546
Because of partiality and favoritism by authority	.554	.135	.134	.159	.506	.003	-.079
Lack of proper training and development	.029	-.133	.101	.040	.068	.868	-.077
Due to conflict with supervisor or coworker	-.016	-.055	.766	.022	.264	-.103	-.077
Because of long working hour	-.619	.383	.147	.241	.126	.305	.144
Having unrealistic target	.015	.051	.001	-.071	.789	.063	.064
Lack of job security	-.136	-.606	.155	.510	-.047	-.045	.013
Due to goodwill and reputation of other company	.034	.114	.815	-.141	-.155	.258	.065
Delay of promotion	.115	-.434	.248	-.045	.405	-.396	.062
Lack of motivation or appreciation	.731	.013	.003	-.030	.064	.074	-.153
Uncomfortable working condition	-.172	.087	.017	.759	.097	.116	-.103
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.							

The extracted 7 factors can be interpreted in terms of the variables that load high coefficients. These 7 factors are given below with their components which are found from the rotated component matrix table:

Factor 1 can be entitled to Inadequate Motivation Factors beyond Personal Trouble because this factor contains of high coefficients for Lack of career development (.593), Partiality and favoritism (.554), and Lack motivation (.731) whereas negative coefficient for Work life imbalance (-.400); Long working hour (-.619).

Factor 2 can be labeled as Physical Stress out of Organizational Support due to holding high coefficients for Travelling distance to work (.693), Huge pressure of work (.706) while negative coefficient for Lack of job security (-.606), and Delay of promotion (-.434).

Factor 3 can be tagged as Inconsistency of Supervision and Business Status because this factor holds high coefficients for with supervisors or coworkers (.766), Goodwill and reputation of other company (.815).

Factor 4 can be named as Underprovided Hygiene Factor due to holding high coefficients for Unattractive pay packages (.625), and uncomfortable working condition (.759).

Factor 5 can be entitled as Unrealistic Target because this factor holds high coefficients for Unrealistic target (.789).

Factor 6 can be tagged as Lack of Proper Training and Development due to holding high coefficients for Lack of proper training and development (.868).

Factor 7 can be labeled as Transfer of Jobs because this factor contains high coefficients for Relocation or transfer of job (.763).

6. Analysis of the Findings:

From the analyses conducted in the previous segment, it is apparent that there are some specific factors that influence employee turnover in private banking sector in Bangladesh. Following is further discussion on the extracted factors:

Inadequate Motivation Factors beyond Personal Trouble:

It has been found from the analysis that employees prefer to leave the organization for the reasons which gets high coefficients such as they did not get proper motivation or appreciation regarding their work. Another reason associated to employee turnover is the unsatisfactory career development in the current organization. Then again partiality or favoritism by the authority or supervisors plays the important reason to employee turnover. However, it is also visible from the study that the factors which get negative coefficients like work life imbalance and long working hour are not the reasons behind employee turnover.

Physical Stress out of Organizational Support:

It has been clear from the analysis that when an employee faces travelling distance to arrive at the work station it annoys them most and results come out to a decision to leave the job. On the other hand, having huge work pressure leads them to leave the job commonly. These two reasons of employee turnover hold high coefficients in the analysis. But it is also important to note that a reason which gets negative coefficients such as lack of job security and delay of promotion do not lead them to depart from the job.

Inconsistency of Supervision and Business Status:

It has been found from the research study that once employee engaged with conflict in the company of their supervisors or any coworkers that issue turns to be one of the major reason to employee turnover, this factor grasps high coefficient in the result section as well. One more reason influence most of the employee to leave the job which also holds high coefficients is the goodwill or reputation of other company because everyone wants to engage with the well-known organization.

Underprovided Hygiene Factor:

Since these two factors pay packages and working environment contains high coefficient so it is obviously evident from the study that employees are highly motivated by the attractive compensation packages so if they did not get attractive and desired pay packages, they would prefer leave the job. This factor match Then again with the sound financial condition they also want the comfortable work environment where they spend most of the time of their days, otherwise they feel better to leave the job.

Unrealistic Target:

It has been found from the study that employees having fear for impractical target which may gave them lots of mental pressure is also having high coefficient in the result section. Consequently, employee turnover may increase.

Lack of Proper Training and Development:

Another important factor has been found from the study having positive coefficient that employees want proper training and development from the organization. They feel that it should be the method to increase job related employee knowledge. So if they did not get proper training from the organization, they got frustrated and results come out as employee turnover.

Transfer of Jobs:

One important factor has come out from the study having positive coefficient is the relocation or transfer of jobs. Everyone has their own comfort zone so it is difficult to adjust with a new environment that's why most employees wish to leave their job.

From the above findings of the analysis some of the factors are goes with the literature review such as Gupta and Shaw, 2001 found pay packages are important reason of employee turnover where as in this present paper it is also found as a vital reason. Then again, Pit and Ramaseshan, 1995 found unrealistic target is the reason of employee turnover which matches with the findings with the present paper. According to Kuslivan,

2003 favoritism and partiality is the reason to leave the organization, similar things are found in this study.

Conversely, some of the factors do not go with the literature such as Miller and Wheeler, 1992 found promotions are important reason of employee turnover but in this paper it is found that promotion is not that important reason for employees to leave the organization. On the other hand Bame, 1993 found that it is important to reduce working hour and employees should give the freedom to choose their work schedule but in this study the scenario is just reverse.

7. Conclusions

From this study authorities of any private banks get a clear view by reading its literature and discussion of findings. Since the objectives of the study are to analyze the factors that influence employee turnover in private banking sector in Bangladesh. It is visible from the study that some factors such as unattractive pay packages, lack of training and development, partiality and lack of career development influences employee to leave the job. On the other hand, it is also found that some factors do not influence employee turnover though it seems to be important such as long working hours, lack of job security and work life imbalance etc. Thus, there is a need for awareness and positive attitudes of authorities of private banking sector to control turnover because it also creates lots of expenditure in the organization.

The study has been conducted based on fieldwork through interviewing bankers (male and female) only in Dhaka city. It was a prolonged process due to the direct interview of the respondents for primary data collection. Sometimes respondents were found uncooperative with the interviewer. Making appointments with top ranking employees and taking their time were very difficult task. Sometimes bankers were too much busy with their formal job duties so they did not attend the interviewer. Even the variables used in this study are derived from reviewing the literatures and researchers' own intuition. There can be other significant variables that are not covered in this study.

Implications of the Study:

Based on the results of this study, as well as of previous employee turnover type studies in different sectors, further research seems desirable in this area. The results of this study can be considered as a comprehensible input or sources for advance research on studying the cost of employee turnover in banking sectors, measurement of employee turnover, evaluate the reasons of employee turnover and to develop the retention strategy to reduce employee turnover.

Using motivation, employee participation, proper leadership, compensation and benefits in proper way organization can reduce or control employee turnover. Since workforce is acknowledged as life blood of the organization so it is important to motivate their work by appreciation, take initiative to develop their career and avoid partiality or favoritism by authority. Then again, it will help the decision maker to design their job considering physical stress like travelling distance, huge work pressure and unrealistic target. Private commercial banks can reduce employee turnover by forming attractive and desired pay packages and comfortable work environment. Higher authority should focus on the reputation of the company with harmonious interpersonal relationship among supervisors, subordinates and coworkers.

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