

An Empirical Study on Causes and Effects of Employee Turnover Intention in a Public Sector Organization

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ABSTRACT

Background: Employee turnover is deliberated to be the prevalent problem encountered by today's organization. Due to advent of new technologies and techniques the traditional way of carrying out job is changing which is having a greater impact on necessities of employees. Employees want more stimulating and better performing jobs. They need jobs where they can prove their caliber to their optimum level.

Objectives:

- To determine the key factors that leads to employee turnover.

Design: Qualitative analysis was used to analyze the obtained data.

Data sources: Questionnaire

Data analysis: Statistical tools such as ANOVA and multiple regression was used to analyze the obtained data.

Results: Work environment has a major role to play in a turnover intention followed by salary level, organizational commitment, job satisfaction, co-worker relationship.

Conclusions: A relationship can be developed between superiors and subordinates based on trust, respect and emotions to create a better working environment which would help in reducing employee turnover in the SBI banks.

Key words— Employee turnover, work environment, co-worker relationship, salary level, job satisfaction, organizational commitment, turnover intention.

I. INTRODUCTION

Employees are considered as the asset of an organization. Any organization irrespective of which ever strategy they follow can only be successful if and only if its supported by its manpower. Both the organization and employees are inter-dependent on each other for their personal growth. As India is growing, the traditional way of work pattern is changing. Advent of new technologies like cloud computing, artificial intelligence, digitalization, etc. has completely revolutionized the traditional way of working. Organizations are undergoing enormous change in their structure, size, working way which has led to a shock to employees further resulting in increase in employee turnover rate. Employees are shifting from one work place to another. Employee turnover is seen both in public and private sector.

Hence, this article particularly talks about the causes and effects of employee turnover intention in public sector. Already much work is done in private sector hence, this study adds a new dimension to the problem by studying public sector solely.

II. OBJECTIVES OF THE STUDY

The objectives of this paper is as follows:

- To review the key literatures to identify the causes and effects of Employee turnover.
 - To determine the key factors that leads to employee turnover.
 - To study the impact of employee turnover intention on various factors like work environment ,co-worker relation etc.
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III. LITERATURE REVIEW

Employee turnover can be triggered due to many causes such as work environment, co-worker relationship, salary level, job satisfaction, organizational commitment and turnover intention, etc. It is very difficult to predict out of these which factors will have a significant role in causing shock to an employee which would result in quitting of the job by the employee. As [1] Markey et al., n.d. states that work environment plays an important role in an employees quitting decision and if they perceive that the working environment is safe and healthy to work they are happy satisfied and more willing to work in the organization. While [2] Ariani (2015) mentions that if an employee has a good relation with other supervisors or co-worker's employee tends to give their best. If employees feel that they are sought after, supported by other employees then they tend to give their best at work place. Employees before getting committed to a workplace tend to measure their individual relation with their co-workers and if they feel that they are supported, appreciated by their co-workers then they tend to perform their best. But according to [3] Rynes L et al., (2004) states that though salary is not an important factor for employees to stay in an organization yet it is an overwhelming factor for employees, which helps employer in the retention of an employee in a particular position. At the same time the author also asks employer to carefully access the necessities of employee as necessities of employee varies significantly. What might be a necessity for one may be a basic amenity for the other. In addition to which [4] Raziqa & Maulabakhsha, (2015) states that working environment has a positive impact on job satisfaction. Therefore, if the working environment is not good employees will be dissatisfied resulting into employee turnover. Also, if the employees are satisfied they turn out to be more productive for the organization. A working environment where employee feels that the organization values his/ her decision and the top management is highly supportive employee tends to be more productive. Which increases employees job satisfaction level and makes him/ her more committed towards the job. This is further supported by [5] Meyer P et al., (2002) stating that there are three types of mind-sets which can describe an employee's commitment towards an organization. According to the study employee can be categorized under three mind-sets that are **affective commitment, normative commitment, and continuance commitment**. Affective commitment Talks about the "desire" component in an employee whereas normative commitment Talks about the "perceived obligations" and continuance commitment Talks

about the "need" component of an employee. Affective commitment has the strongest positive relation followed by normative commitment whereas continuance commitment is supposed to be not related or negatively related to work behaviors like in role performance, attendance, and organizational citizenship behavior. In addition to which [6] Emiroglu et al., (2015) states that turnover varies due to demographic factors like job tenure, salary, working department, age, marital status, and position, etc. It has also been seen that turnover rate is high among females compared to male employees it is so because female balances both work and personal life and at times it becomes difficult for females to meet the responsibilities of both. Also, employee turnover intention is more among millennial's as they have high expectations from their work place which organizations are not able to meet sometimes. Thus, all this are the main causes which leads to employee turnover in an organization. Taking care of these causes can be helpful in decreasing employee turnover to a great extent.

IV. EVOLUTION OF EMPLOYEE TURNOVER

In past many instances can be seen when employee dissatisfied with their organization, quit the organization. But the actual decline in labor turnover was observed in 1920s. Various study done during that period determined that turnover is due to the role of altered employee relationship. Employer brought new policies to build up the relationship between employees and organizations. Some of the policies which came into act are as follows:

- Establishment of personnel
- Offering compensation based on seniority
- Training was provided on the job
- Internal promotion ladders

Whereas some studies like Goldin 1988 and Jacobin 1974 suggest that employee turnover was due to immigration declines and drooping labor markets.

As stated by Owen, n.d., in 1930s and 1940s due to depressed labor market quit rates were quite low but layoff rate was high. But again during Second World War quit rates started increasing, but by the end of World War II around 1950 to 1970 voluntary turnovers again started taking a low turn. Post-World War II employee turnover was low and it was observed that the relationship between organization and employee was strengthening. This aroused a question among macroeconomists that whether these strengthen relationship will act as a boon or bane. The main concern of

macroeconomists as cited by Ross (1958) in Owen, n.d. states that “... long term employment contracts (either implicit or explicit) might generate wage rigidities which could result in increased unemployment and other labor market adjustment problems”.

V. CAUSES OF EMPLOYEE TURNOVER

Employee turnover can be caused due to many reasons such as work environment, co-worker relationship, salary level, job satisfaction, organizational commitment, etc. Hence, it becomes very important on the part of the employer to identify what is the significant cause of employee turnover in the organization and take actions accordingly to prevent further turnover in the organization.



Fig. 1. Causes of employee turnover

VI. TYPES OF EMPLOYEE TURNOVER

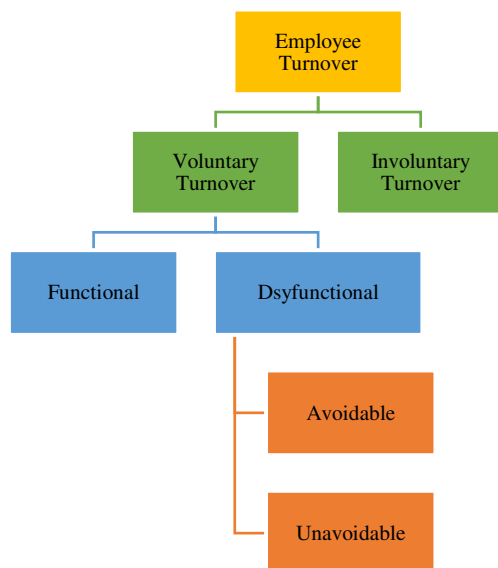


Fig. 2. Types of employee turnover

[A] Voluntary Turnover

It occurs when an employee decides to quit the organization based on his/ her relationship with the organization. Voluntary turnover can be demonstrated through quits and retirements.

[B] Involuntary Turnover

It occurs when an employer terminates the employment contract with employees due to reasons like:

Faulty hiring, no job fit, downsizing and when employees exhibit behavior which is against the culture of the organization

Involuntary employee turnover can be showed through discharges, layoffs, retrenchment, and rightsizing.

VII. DEFINITIONS

TERMS	MEANING
Work Environment	It can be defined as the location where an employee completes his/ her task. The work environment comprises of the physical condition, equipment or factors like work processes or procedures.
Co-Worker Relationship	It defines the relationship with the superiors, co-workers and subordinates in the organization.
Salary Level	The amount an individual is paid based on the amount of work an individual does.
Job Satisfaction	Job satisfaction tells us the amount of contentment an employee gets from their job.
Organizational Commitment	It can be defined as the psychological attachment of an employee toward its organization.
Turnover Intention	It measures the employees plan to quit the organization.

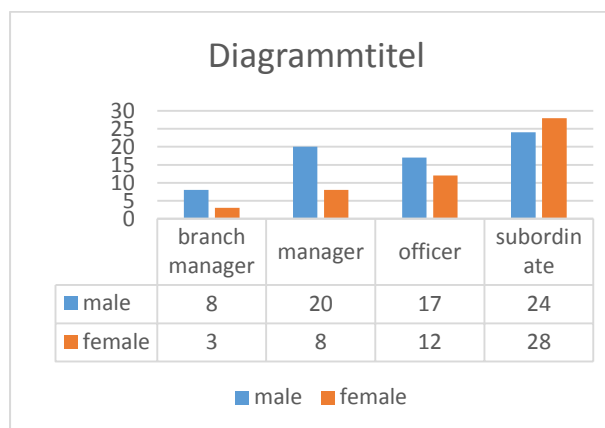
VIII. COMPANY PROFILE

SBI bank is a public bank owned by the Government of India. It was founded on 1 July 1955 and nationalized on 2 June 1956. SBI has its headquarters in Mumbai, Maharashtra, India. It serves worldwide and Arundhati Bhattacharya is the chairman of SBI bank. The various products offered by SBI banks are: corporate banking, consumer banking, investment banking, private banking, finance and insurance, mortgage loan, savings, private equity, securities, asset and wealth

management, credit cards. The total amount of revenue generated by the bank in the year 2017 is Rs. 298,640.45 crores (US \$ 47 billion). Whereas, the operating income in the year 2017 is Rs. 50,847.90 crores (US \$ 7.9 billion) and the profit made by the bank is around Rs. 10,484.10 crores (US \$ 1.6 billion) in the year 2017. The total assets owned by the bank in the year 2017 is around Rs. 2,705,966.30 crores (US \$ 420 billion) and the capital ratio is 13.12% in the year 2016. The total number of employees working in the organization is around 209,567. SBI has a total number of 198 offices in around 37 countries. Also, the company has been ranked 232nd in the list of Fortune Global 500 which is considered to be the world's biggest corporations. The bank originated from the lineage of British India. It has a market share of 20% in deposits and loans among the Indian commercial banks.

IX. DATA COLLECTION and SAMPLING

A questionnaire was administered to the employees of the SBI bank using google docs. Total 150 questionnaires were administered out of which 131 respondents responded. Further the data was sorted and all questionnaire which were incomplete were rejected. Hence, total number of respondents involved in this research are 120. The data was collected based on convenience sampling. Prior to which rigor test was done and the value obtained for Cronbach alpha test was 0.842 which shows that the questionnaire is reliable.



Graph1: Target population

X. DATA ANALYSIS METHOD

For analyzing the obtained data SPSS was used and after sorting, segregating and coding the obtained data statistical tools were used such as ANOVA and multiple regression.

XI. ANALYSIS OF DATA

DEMOGRAPHIC VARIABLES

Here the personal information of the respondents was collected and analyzed to understand whether demographic factors have any impact on turnover intention of the employee or not.

Details	Frequency	Percentage (%)
Gender		
▪ Male	69	57.5
▪ Female	51	42.5
Age		
▪ 18-25	37	30.8
▪ 25-30	29	24.2
▪ 30-35	8	6.7
▪ 35-40	14	11.7
▪ 40-45	5	4.2
▪ 45-50	10	8.3
▪ >50	17	14.2
Educational Qualification		
▪ <10		0
▪ 10-10+2	0	0
▪ Diploma	4	3.3
▪ Undergraduate	4	3.3
▪ Post Graduate	51	42.5
▪ PhD	60	50.0
	1	.8
Annual Income		
▪ 1-1.5	23	19.2
▪ 1.5-3.5	16	13.3
▪ 3.5-5.5	35	29.2
▪ 5.5-8.5	23	19.2
▪ >8.5	23	19.2
Job Tenure		
▪ 1-3yrs	56	46.7
▪ 3-5yrs	13	10.8
▪ 5-8yrs	17	14.2
▪ >8yrs	34	28.3
Type of Job		
▪ Contract	8	6.7
▪ Permanent	101	84.2
▪ Temporary	11	9.2
▪ Free Lancer	0	0
Designation		
▪ Branch Manager	11	9.2
▪ Manager	28	23.3
▪ Officer	29	24.2
▪ Subordinate	52	43.3

XII. DISCUSSION

The above table shows that approximately 60% of employees were males and 40% of employee were females, which means that the sample taken was a moderate sample.

About 55% of employees are in the age group of 18-30 which means that they are still at the entry level and don't have much experience which can be a factor in employee turnover intention. But 50% of respondents are highly qualified which means that

the organization prefer employees who are highly qualified. As seen approximately 50% of employees have hardly completed three years at their job which conforms the fact that most of the employees are at their entry level and are yet to develop a better picture of the workplace. Also, 85% of employees are appointed on permanent basis and approximately 45% of respondents chosen were from the subordinate's level. Hence, this study mostly depicts the perception from the subordinate level.

XIII. MULTIPLE REGRESSION

Further to analyze the causes of employee turnover multiple regression tool was used in SPSS. The reason of using multiple regression as a tool was that it tells about the relationship between the predictors and the dependent variable. It is the simultaneous amalgamation of multiple factors to measure how and to what degree they affect a certain consequence.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	71.417	5	14.283	8.447	.000 ^b
Residual	598.571	354	1.691		
Total	669.989	359			

a. Dependent Variable: turnover intention

b. Predictors: (Constant), organizational commitment, work environment, job satisfaction, relationship with co-workers, salary level

This test is done to verify whether the complete regression model is a good fit for the obtained data. As here, $F(5,354) = 8.447$ and p is $.000 < .0005$

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.326	.107	.094	1.3003

a. Predictors: (Constant), organizational commitment, work environment, job satisfaction, relationship with co-workers, salary level

b. Dependent variable: Turnover intention

Based on the model summary in table the value of R square is 0.107, which is 10.7%. This meant that the predictors have 10.7 % impact on Employee Turnover Intention. This meant that 10.7% of the dependent variable turnover intention can be explained by the independent variables. The independent variables here refer to organizational commitment, work environment, job satisfaction, relationship with coworkers, salary level which conclude that 88.3% (100%-10.7%) of the dependent variable turnover intention. Also, it can be explained that there are other potential factors which have not been considered in the study.

hence we can conclude that the regression model is a good fit for the obtained data.

Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.379	.409		10.701	.000
work environment	.044	.082	.030	.536	.592
Relationship with co-workers	-.069	.091	-.043	-.751	.453
1 salary level	.028	.060	.027	.468	.640
job satisfaction	-.162	.075	-.125	-2.151	.032
organizational commitment	-.350	.077	-.264	-4.568	.000

a. Dependent Variable: turnover intention

Multiple Regression equation:

$$Y = C + \beta X_1 + \beta X_2 + \beta X_3 + \dots + \beta X_n$$

Where,

Y= Prediction relationship of types of variables toward turnover intention.

C= Constant value.

β = Unstandardized coefficient.

X= Dimension of independent variable

- X1: Independent variable 1(work environment)
- X2: Independent variable 2 (relationship with co-workers)
- X3: Independent variable 3 (salary level)
- X4: Independent variable 4 (job satisfaction)
- X5: Independent variable 5 (organizational commitment)

Based on the table shown, the following equation was derived:

Turnover intention = 4.379+ (0.044 *work environment) – (0.069 *relationship with co-workers) + (0.028 *salary level) – (0.162 *job satisfaction) – (0.350 *organizational commitment). This means that for each one-unit increase in work environment there is an increment of .044 units in turnover intention. On the other hand, for each one-unit increase in co- worker relationship there is a decrement of -0.069 units in turnover intention. But, for each one-unit increase in salary level there is an increment of 0.028 units in turnover intention. On the other hand, for each one-unit increase in job satisfaction there is a decrement of -0.162 units in turnover intention. Lastly, for each one-unit increase in organizational commitment level there is a decrement of -0.350 units in turnover intention.

XIV. FINDINGS AND SUGGESTIONS

FINDINGS

INDEPENDENT VARIABLE	STANDARDIZED COEFFICIENT BETA	RANKING
Work environment	.030	1
Salary level	.027	2
Organizational commitment	-.264	3
Job satisfaction	-.125	4
Co-worker relationship	-.043	5

The above table depicts that work environment has the highest contribution in the employee turnover intention followed by salary level, organizational commitment, job satisfaction and co-worker relationship.

SUGGESTIONS

The organization can use LMX (Leadership Member exchange theory)theory to reduce turnover intention. As this theory mainly focuses on a two-way relationship between the superior's and the subordinates. Here the relationships are completely based on trusts and respect between the superiors

and subordinate and is often emotional relationship which extends past the possibility of employment.

XV. LIMITATION OF THE RESEARCH

This research is an exploratory research with no such kind of study done previously. It examines employees only from SBI bank. Further it is limited only to the Chhattisgarh state. Lastly, the research mainly deals with the white collared employees.

XVI. FUTURE OF THE STUDY

Since, this study is done on a particular location so, in future further studies can be done on other location using different statistical tools and sampling techniques. Also, other variables such as culture, employee engagement, etc. can be studied.

XVII. CONCLUSION

Employees are an asset for an organization and because how much ever automated still employees will be required. Employees play a vital role in the growth of an organization. So, when an employee leaves the organization voluntarily or involuntarily it is a loss for both employee as well as employer. Though there are various models till date but no model explains exactly what the real reason of employee turnover is. Many studies have shown that pay is the third most important factor which causes employee turnover but studies also support that if working conditions are not good employees still tends to resist if pay is good. Every employee working in an organization is different from each other. The way an employee works and the way they perceive every situation differs too, what one may find motivating may be the basic necessity for other. Therefore, it is very important that employer should understand the needs of each employee and provide them a challenging and conducive work environment.

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