

Opening Up The Black Box Of Employee Turnover Intent In The Banking Sector Of Pakistan

Naila Azam Joiya^{*}, Muhammad Zeb Khan[†] and Zia Ullah[‡]

Abstract

The purpose of this study is to examine employee turnover problem that is relatively high in banks in Pakistan. It is hypothesized that involvement and job satisfaction would mitigate employees' turnover intentions. It is also assumed that job satisfaction might mediate the relationship between job involvement and turnover intentions. Apart from testing the proposed relations within the given context, the causes of job involvement, job satisfaction and turnover intention in the targeted population were identified. A sample of 320 subjects was drawn from eight banks and close-ended questionnaires were administered to them; of which 278 questionnaires complete from all respects were considered for analysis. 20 semi-structured interviews were conducted for further in-depth understanding of questions in hand. Descriptive and inferential statistics were applied to the data collected through questionnaires to test the hypotheses and data collected through interviews were analyzed through content analysis. The results of the study reaffirmed the relationships and were consistent with the previous literature. However, it was interesting to know that level of involvement, satisfaction and turnover intentions vary with the demographic differences of the respondents. It is found that certain reasons leading to job dissatisfaction, turnover intention and job disengagement were evident and managers were taking no corrective measures as such.

Keywords: Turnover intent, job involvement, job satisfaction

Introduction

Turnover intention among employees is recognized as a severe issue for organizations. Turnover turns a problem as the cost associated with it is much. Employee hiring involves expenditure, orientation, time of hiring, training, and development. A newly hired employee needs considerable time to be familiar with the new organizational setting, different

^{*}NailaAzam Joiya^{*} Lecturer Beacon House School Systems Lahore. Email: joiya_nile@yahoo.com

[†] Dr. Muhammad Zeb Khan, Associate Professor Department of Business Administration Sarhad University, Peshawar

[‡] Dr. Zia Ullah, Assistant Professor University of Central Punjab Lahore

processes, different culture, and gradually to settle down, and work sound (Staw, 1980; Bernthal et al, 2000).

Employees who are satisfied, engaged, and excited with their jobs are termed to be involved in their jobs (Buckingham & Coffman, 1999; Seijts & Crim, 2006; Harter, Schmidt, & Hayes, 2002). Employees with high level of job involvement usually have least turnover intentions. Gubman (2004) concluded that the engaged employees are least expected to have intention to leave the present work, and actively search for other jobs.

Job satisfaction reduces employees' intention to quit the job. Schulz, Bigoness, and Gagnon (1987) concluded that turnover intentions and job satisfaction have a negative relationship. Job involvement positively influences job satisfaction. Locke & Chweiger (1979) reviewed forty seven studies and sixty percent of them established that job involvement and job satisfaction had a positive association between them. The study in hand is an attempt to examine the links between job involvement and job satisfaction and turnover intentions within the given context. Apart from this the study has been extended to explain the factors that lead towards job involvement, job satisfaction and turnover intention. To do this, data has been collected through survey while correlation and regression have been applied to test hypotheses and content analysis of interviews has been carried out to explain the causes.

Literature Review

Organization success is majorly dependent upon the employees' willingness to contribute. Therefore, organizations strive to create a sense of loyalty, commitment, satisfaction in order that employees may exploit their abilities and competencies in the larger interest of the organization. Organizations suffer when they experience frequent employee turnover. Turnover is the employee's choice to terminate the service relationship with the employer (Shaw, Delery, Jenkins, & Gupta, 1998). Bernthal & Wellins (2000) described that turnover was a problem in businesses; more than one third of the respondents were intending to leave their jobs in the year to come, while the twenty percent of the respondents were thinking of parting in a couple of years. Therefore, turnover has been an extensive issue as the expenditure associated with actual turnover is very high. (Bernthal et al, 2000).

Job involvement is defined as the degree to which an employee is committed (Lockwood, 2007), a state of mind that engage absorption, vigor and devotion (Schaufeli & Bakkar, 2004), job characteristics that

consists of attaining targets well and asserting and uttering nice words regarding the organization (Gubman, 2004) and “the ultimate prize for the company” (Perrin, 2003, p.2).

The employees who are not engaged most likely searching for another job, perform poorly and say hostile things about the management or organization, which are counterproductive and negative towards organizational effectiveness (Gubman, 2004). Least involved employees may cause an organization to suffer financially like low productivity, decreasing sales, diminishing profits, decreasing customer satisfaction (Sanford, 2003). Bhatti & Qureshi (2007) found that employee involvement has profound effect of employee commitment, employee productivity, and job satisfaction. Biswas (2010) also concluded that job involvement was a negative regressor of turnover intention.

Job satisfaction is thought to be the inner rationality associated with the gaps between the returns from present job and expectations to gain in life (Saleh, 1981). Job satisfaction is linked with normal feelings of an employee towards his job (Robbins, 2003). It is the employee's achievement, success, and sense of accomplishment. It is positively associated with efficiency and personal well-being of an employee. Job satisfaction shows the contentment and passion of an employee with his job. ‘Job satisfaction leads to achievement, consistent income, career promotion that direct towards a sense of fulfillment’ (Kaliski, 2007). Berry & Morris (2008) identified the significant impact of job involvement and satisfaction of workers on their job switchover intentions.

Theoretical Framework

There are considerable number of theories that explain turnover intention, job satisfaction and job involvement and relationships among them. Equity Theory (Adams, 1963), Expectancy Theory of Vroom, (1964) Exchange Theory (Blau, 1964), Social Motivational Approach (Kanungo, 1982), Personal Engagement Theoretical framework of Kahan's (1990) Two Factor Theory of Herzberg (2003) have frequently been used to describe these variables.

Definition of Variables

Job Involvement

Job involvement is defined as the ‘affective recognition reinforced by a rational status or belief’ (Kanungo, 1982).

Job Satisfaction

Job Satisfaction is defined as “the pleasant or positive feelings which due to the evaluation of work experience or job” (Locke, 1986, p. 1300).”

Turnover Intention

Turnover Intention is considered as “a rational decision prevailing between the attitudes of the individual (affect) and his/her subsequent behavior to remain in or quit a company” (Sager, Griffeth & Hom, 1998).

Hypotheses

H₁: Employees who are more involved in their jobs have least inclination towards job turnover

H₂: The employees who are more involved in their jobs have greater job satisfaction

H₃: The employees who are more satisfied with their jobs have least turnover intentions

H₄: The relationship between job involvement and voluntary turnover is mediated by job satisfaction

Research Methodology*Population and sample*

Banking industry was taken as population for the study. Eight commercial banks were selected for data collection purposes. Three hundred and twenty employees were contacted who were accessible on convenient basis to fill the questionnaires. Two hundred and seventy eight questionnaires, complete from all respect, were selected for analysis. Twenty employees from the same banks were interviewed mainly focusing on identifying the causes of the variables of the study. The interviews were semi structured in nature.

Data analysis

Descriptive statistics and inferential statistics were applied to quantitative data to see certain trend and test the mediation and cause and effect relationships. Content analysis was used to analyze data collected through interview.

Data Analysis

Ten item scale of Kanungo was used to measure job involvement (Kanungo, 1982a, 1982b). To measure job satisfaction Minnesota Satisfaction Questionnaire (MSQ) was used. A scale with eight items developed by O.S. Olusegun (2012) was used to measure employee turnover intentions. The overall reliability was .85 (Chronbach's Alpha). The goodness of data has been tested to apply inferential

statistics. To check the possibility of multicollinearity VIF and Tolerance test was conducted. The test values showed that Tolerance value is $> .1$ and VIF is < 10 , thus there was not any problem of multicollinearity. Normality of data was checked with Mahalanobis Distance test. The value "Distance (13.1)" proved that there was no violation of assumptions and the data had no outliers. So the data set was normal. Durbin Watson test used to check Auto correlation. As the Durbin-Watson is 1.96, hence there was no violation of the assumption and the data had no auto correlation.

The scale was five points Likert type 1 representing "Strongly Disagree" to 5 "Strongly Agree". Employees falling in the age range of 25-35 years had highest turnover intention mean i.e. 3.29, with the age range 36-45, the mean value was 3.02 and above 45 years the mean value remained 3.23. Employees in the age group of 25-35 are termed as least experienced employees having low compensation packages. They usually join the organization for gaining experience and enhancing knowledge and experiences so that they can switch over to a better place. Age group from 36-45 of years are committed to their jobs while employees of age 45 years and more intended towards leaving the organization possibly to have the benefit of premature retirement. The mean value of turnover intention in males remained 3.22 and in females it was 3.18, which is somehow near to neutral degree, however, a micro analysis of the values indicate that male had higher inclination towards leaving the organization because in Pakistan male generally take the responsibility to earn and support his family. So they most of the time remain in search of better opportunities. Apart from this Pakistan is a patriarchic society and it is easy for men to move from one place to another as compared to women.

The other demographic characteristic was the marital status. The inclination of unmarried employees is slightly greater (3.24) as compared to married (3.17). It becomes difficult for the married employees to switch over job and move the family while unmarried has no such problem per se. Unmarried employees are those who are usually in their early ages and employees with early ages always look for better jobs.

Education of employees was classified into three groups i.e. Bachelors, Masters and M Phil or MS. The trend of turnover is high at bachelor and postgraduate levels while at masters level is comparatively low. Bachelors are early age employees who look for jobs after having some experience. Since higher education like MPhil is not rewarded in

banks as such, employees with such level of education look for such jobs where higher education is preferred.

Another important demographic variable was job experience. Work experience was classified into five categories. The mean of less than one year was 3.35, for 1- 5 years of experience it was 3.31, for 6-10 years of experience it was 3.30, for 11-15 years the mean value remained 3.08 while with 16 years and above years of experience had meanvalue of 2.81. The mean values exhibit that as experience increases the intention to leave the organization decreases. As we have already highlighted that at the early stages of career employees are more inclined towards job switchover.

Pearson Correlation Analysis

The analysis of correlation confirms significant relationships between variables as were assumed, however, with varying degree of intensity. Data showed an inverse correlation between job involvement and turnover intents, however, the relation is weak($r = -0.336$). On the other hand a moderate negative correlation between job satisfaction and turnover intention was found ($r = -0.508$). A positive moderate level of association between job involvement and job satisfaction was seen ($r = 0.446$)."

Multiple Regression Test

In the model, turnover intention is taken as criterion variable while job involvement as predictor. Job satisfaction has the role of mediating variable

Models

In evaluating mediation four different regression models wereexamined.

Model # 1

$$Y_o = \gamma_1 + \tau (X_1) + \varepsilon_1$$

Model # 2

$$X_m = \gamma_2 + \alpha (X_1) + \varepsilon_2$$

Model # 3

$$Y_o = \gamma_3 + \beta (X_m) + \varepsilon_3$$

Model # 4

$$Y_o = \gamma_4 + \tau' X_1 + \beta X_m + \varepsilon_4$$

In the models, Y_o is the criterion variable while X_m is the mediating variable, and X_1 is the predictor. γ_1 , γ_2 , and γ_3 are the intercepts and ε_1 , ε_2 , and ε_3 are the error terms for each equation. ' τ ' was the coefficient of criterion variable (turnover intention) and predictor variable (job involvement), while τ' in model 4 represents the coefficient between predictor (job involvement) and the criterion variable (turnover intention)

after controlling the impact of the mediating variable (job satisfaction). αX_1 represents the relationship between the predictor (job involvement) and the mediator (job satisfaction), while βX_m represents the relationship between the mediating variable (job satisfaction) and the criterion variable (turnover intention) after controlling the predictor variable.”

Model # 1: $Y_o = \gamma_1 + \tau X_1 + \varepsilon_1$

Simple Regression Analysis to check if job involvement is the significant predictor of the criterion variable (turnover intention) – direct effect

(Model # 1) Model Summary^b

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.336 ^a	.113	.110	.76202

a. Predictors: (Constant), job-involvement

b. Dependent Variable: turnover-intention

(Model # 1) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.235	.180		23.574	.000
	Job involvement	-.337	.057	-.336	-5.936	.000

a. Dependent Variable: turnover intention

In the given case, 11% variation in turnover intention is explained by change in independent variable i.e. job involvement ($R^2 = 0.113$).

In the table of coefficient, it is exhibited that job involvement is the significant predictor of the dependent variable ($r = -.337$, $p < .05$), therefore H_1 is accepted

Model # 2: $X_m = \gamma_2 + \alpha X_1 + \varepsilon_2$

In the model mediating variable (job satisfaction) is taken as a criterion variable while job involvement as a predictor variable.

(Model # 2) Model Summary^b

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.446 ^a	.199	.196	.73319

a. Predictors: (Constant), job involvement

b. Dependent Variable: job satisfaction

Coefficients^a (Model # 2)

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.931	.173		11.171	.000
	Jobinvolvement	.453	.055	.446	8.289	.000

a. Dependent Variable: jobsatisfaction

In the above regression table, R^2 is 0.199 and the significance level shows that the model is fit. In the coefficient table, it was found that job involvement was the significant antecedent of the criterion variable (job satisfaction) ($r=.453$, $p<.05$), thus the hypothesis exhibiting that job involvement impacts job satisfaction has been substantiated.

$$\text{Model \# 3: } Y_o = \gamma_3 + \beta (X_m) + \varepsilon_3$$

(Model \# 3) Model Summary^b

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.508 ^a	.258	.255	.69707

a. Predictors: (Constant), job-satisfaction

b. Dependent Variable: turnover-intention

Coefficients^a (Model \# 3)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.867	.175		27.828	.000
	Jobsatisfaction	-.502	.051	-.508	-9.795	.000

a. Dependent Variable: turnover intention

In the model summary table, R^2 is 0.258 and the significance level illustrates that the model is good. The coefficient table showed that job satisfaction was the negative significant antecedent of the criterion variable turnover intention ($r=-.502$, $p<.05$). Thus H_3 is accepted.

Model \# 4 - The Mediation effect (Indirect effect):

$$Y_o = \gamma_4 + \tau'X_1 + \beta X_m + \varepsilon_4$$

(Model \# 4) Model Summary^b

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.522 ^a	.273	.268	.69122

a. Predictors: (Constant), job-satisfaction, job-involvement

b. Dependent Variable: turnover-intention

Coefficients^a(Model # 4)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.086	.196		25.904	.000
	Jobinvolvement	-.137	.058	-.137	-2.385	.018
	Jobsatisfaction	-.441	.057	-.447	-7.774	.000

a. Dependent Variable: turnoverintention

In the above mentioned table R^2 is 0.273 and the significance level shows that the model is fit. The coefficients table show that $r = -.441$, $p < .05$, so hypothesis # 4 of this study is substantiated. The strength of the relationship was reduced from $r = -.337$ to $r = -.441$, therefore, there was a partial mediation between the predictor (job involvement) and the criterion variable (turnover intention) by job satisfaction (mediating variable). The regression model is significant.

Interviews

Data gathered through interviews revealed much interesting facts. One of the major factors that lead employees to involve in their jobs was the concept of Halal (legitimate or earned) income. Employees who believe that there should be equivalence between the income and the amount of efforts put in to earn the income make themselves more engaged in their jobs. Right persons on the right jobs were also found more engaged. Employees having qualification that did not match with their job specifications were least involved in their jobs. Pay disparity, nepotism, unrealistic targets and role ambiguity were found negatively affecting job satisfaction. It was surprising to find that the banks which provide frequent training to their employees face high turnover. This was due to some banks that follow the policy of "buy trained employee" offer relatively higher incentives to attract already trained workers. Apart from these, workload, ethical issues, promotion opportunities, work environment, managers and coworkers' attitude and work-family balance were the factors that affect employee job satisfaction and turnover intentions.

Result and Discussion

Findings of this study revealed that about more than half of the employees under study were having turnover intentions (Mean = 3.20) which is quite alarming. Bank managers admitted that banks were facing the problem of turnover. The factors that cause job dissatisfaction and increased job turnover intentions like less conducive work environment,

unrealistic targets, heavy workload, favoritism, late sitting, pay disparity, discrimination, and job insecurity are prevalent in the banks.

The study explained that younger employees were more tilted towards turnover. Same happens with experience; employees with less than one year of experience were more inclined to quitting their present jobs (Mean: 3.34). Employees who were unmarried (Mean: 3.24), male (Mean: 3.21) and were on the non-managerial positions (Mean: 3.31) and had an education other than bachelors and masters (Mean: 3.29) were more inclined towards changing their present jobs.

The correlations showed that the workforce who were engaged in their jobs had lower inclinations towards leaving their organizations ($r = -.14$, $p = .01$). The given study revealed negative correlation between job involvement and turnover intention, however, the degree of intensity was weak. Results confirm to literature for example Biswas (2010) identified that job involvement was strongly related to an employee's turnover intents. The relationship between job involvement and job satisfaction was positive and moderate ($r = .45$, $p < .05$). Job satisfaction had a negative and moderate level of relationship with employees' turnover intention ($r = -.51$, $p < .05$). "This study revealed that job satisfaction was more strongly associated with turnover intention than job involvement. Job satisfaction mediated the relationship between job involvement and employee turnover intention partially as the intensity of the relationship was reduced from $r = -.331$ to $-.135$ while the relationship remained significant.

Apart from conforming to the previous studies, the results of this study uncovered some other factors that are particular to the given context. The belief of Halal income is one of the dominant factors of job involvement and managers can improve job involvement by inculcating the sense of halal income in employees. Employees have qualification different from job requirement cannot involve themselves properly. So right people for the right job is the need to increase job involvement and improve overall performance. Unrealistic targets, heavy workload, nepotism, unfriendly relationships with bosses and coworkers, late sitting, pay disparity and job uncertainty were the problems and major push factors. The overall performance can be well improved by addressing these problems.

References

Adams, S. J. (1963). Towards an understanding of inequity. *Journal of Abnormal and Social Psychology*, 67: 422–436.

- Bernthal, P. R., & Wellins, R. S. (2000). Retaining talent: A benchmarking study. *Development Dimensions International*, 218-229
- Berry M. L., Morris M. L. (2008). *The impact of employee engagement factors and job satisfaction on turnover intent*. In Chermack T. J. (Ed.), *Academy of Human Resource Development International Research Conference in the Americas* (pp. 1-3). Panama City, FL: AHRD.
- Bhatti, K. K., & Qureshi, T. M. (2007). The impact of employee participation on job satisfaction, employee commitment, and employee productivity. *International Review of Business Research Papers*, 3 (2), 54-68.
- Biswas, S. (2010). Relationship between psychological climate and turnover intentions and its impact on organizational effectiveness: A study in Indian organizations. *IIMB Management Review*, 22(3), 102-110.
- Blau, P. (1964). *Exchange and power in social life*. New York: Wiley.
- Buckingham, M. & C. Coffman (1999). *First, break all the rules: what the world's greatest managers do differently*. New York, NY: Simon & Shuster.
- Gubman, E. (2004). From Engagement to Passion for Work: The Search for the Missing Person. *Human Resource Planning*, 27(3).
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of applied psychology*, 87(2), 268.
- Herzberg, A. (2003). Payments and banking with mobile personal devices. *Communications of the ACM*, 46(5), 53-58.552
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692-724.
- Kaliski, B.S. (2007). *Encyclopedia of Business and Finance*, Second edition, Thompson Gale, Detroit, p. 446
- Kanungo, R. N. (1982b). *Work alienation: An integrative approach*. New York: Praeger.
- Kanungo, R. N. (1982). Measurement of job and work involvement. *Journal of applied psychology*, 67(3), 341.

- Locke, E. A., & Henne, D. (1986). Work motivation theories. *International Review of Industrial and Organizational Psychology*, 1, 1-35.
- Locke, E. A., & Schweiger, D. M. (1979). Participation in decision-making: One more look. *Research in Organizational Behavior*, 1(10), 265-339.
- Lockwood, N. R. (2007). Leveraging employee engagement for competitive advantage. *Society for Human Resource Management Research Quarterly*, 1(1), 1-12.
- Olusegun, O. S. (2012). Influence of motivation on turnover of library personnel in some public universities in South West Nigeria.
- Perrin, T. (2003). Rewards: the not-so-secret ingredient for managing talent. (Retention). *HR Focus*, 80 (1), 3-10.
- Robbins, S. P. (2003). *Organizational Behavior* (10th ed.). Upper Saddle River, NJ: Prentice Hall. Sager,
- Saleh, S. D. (1981). A structural view of job involvement and its differentiation from satisfaction and motivation. *International Review of Applied Psychology*, 15 (4), 112-134
- Sanford, B. (2003). Building a highly engaged workforce: How great managers inspire virtuoso performance. *The Gallup Management Journal*, 33(4), 266-281
- Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi- sample study. *Journal of Organizational Behavior*, 25(3), 293-315.
- Schulz, R. M., Bigoness, W. J., & Gagnon, J. P. (1987). Determinants of turnover intentions among retail pharmacists. *Journal of Retailing*, 63(1), 89-98.
- Seijts, G. H., & Crim, D. (2006). What engages employees the most or, the ten C's of employee engagement. *Ivey Business Journal*, 70(4), 1-5.
- Shaw, J. D., Delery, J. E., Jenkins Jr, G. D., & Gupta, N. (1998). An organization-level analysis of voluntary and involuntary turnover. *Academy of management journal*, 41(5), 511-525.