

# FACTORS INFLUENCING EMPLOYEE TURNOVER IN PRIVATE BANKS AT LOW LEVEL MANAGEMENT IN MADURAI DISTRICT

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**Abstract:** *The growing employee turnover in private banks especially at entry level positions is alarming and unnoticed it could harm an organization financially and ethically. Retaining skilled personnel is an important duty of the Human Resources Department and in this study we have analyzed the contributing factors for the employee turnover by collecting data from the private bank employees of Madurai district and analyzed those data using statistical tools like ANOVA, Spearman's Correlation and Regression analysis. The result have given us some important insights as employees mainly concentrate on the factors Career Growth, Job Satisfaction and Management Support rather than Monetary benefits and Work load. The banking organizations should start concentrating more on investing in their human capital so that, they could grow together contributing to each other's benefit.*

**Key Words:** *Employee Turnover, Attrition, Employee Retention, Job Satisfaction, Human Resources*

## 1. INTRODUCTION :

Human capital is considered to be more important than any other resources, because though we have large area of land and other physical resources abundantly but without human resources we cannot put those assets in to action and there wouldn't be any kind of productivity. Investing in human capital is necessary for every organization as it will directly impact their productivity. And as a nation as whole when we start investing and improving our human capital will amplify productivity and making a nation self sustain would add to our GDP and in turn we will be one of the world's important economically strong nations.

Being the most populated country in the world and having more than 65% of population below the age of 35, it is expected to bring more work forces in to production and increase the country's productivity and GDP. Even though having more youthful people still many industries in our country find it really hard to hire rightly skilled personnel and if they succeed in that retaining the skilled workforce have become a hardest job for the organizations.

India's attrition rate have seen a tremendous surge for the past few years, from 6% in 2020 it rose to 20.3% in 2022. Post covid employee's expectations from work have shifted from money oriented to emotionally driven. And one of the main Industries facing a serious increase in attrition rate is BFSI. Though considered as one of the secured job, Banking and Financial services sector has high attrition rate of 30-35% annually in recent years. Specifically in private banks like HDFC, Kotak Mahindra, YES bank and IndusInd banks it was around 40%. That too at entry level positions it becomes really hard for the banks to retain their employees as there are more players in the field, talent poaching is high and finding right people for recruitment has almost become impossible.

In this study, we would like to analyze the factors that influence the employees at entry-level position or the low level management to leave their banks.

## **2. STATEMENT OF THE PROBLEM :**

Indian BFSI sector has been facing high employee turnover for the past few years. In this study, we would want to understand the factors that influence the young employees from various private sector banks to leave their organization.

Employee turnover will affect an organization not only financially but their goodwill among their stake holders will take a beat and it has an effect on the investment decisions made by share holders and in turn affecting the market share value of the organization. And for service sectors like banking and financial services, Human resource is the main asset.

The aim of this study is to identify the factors that are mainly contributing to employee turnover in banking sector with special reference to private banks.

### **2.1. SCOPE OF THE STUDY**

1. To analyze the reason for high employee turnover in private banks especially in low level management.
2. To study the factors that influence mostly to the employee turnover among young employees
3. To understand the expectation of the banking employees from their organization.

### **2.2. OBJECTIVES OF THE STUDY**

1. To find whether age plays an important role in influencing increase in attrition rate
2. To assess the part played by management and superior support in employee turnover
3. To evaluate the impact of job satisfaction level of employees on their decision to leave the organization
4. To understand the availability of career growth for the employees at entry level positions in private sector banks
5. To study the significance of compensation and other monetary benefits in employee attrition.
6. To analyze whether heavy work load given to employees result in their decision to leave their organization.

### **2.3. HYPOTHESIS OF THE STUDY**

1. Lack of superior support has direct impact on employee turnover
2. Low job satisfaction level in employees influence employee's decision in leaving the organization
3. Career growth provided by the organizations has a significant role in employee turnover
4. Monetary benefits and compensation system of an organization have a positive impact on employee turnover
5. Work load given to employees have greater influence in employee turnover

## **3. REVIEW OF LITERATURE :**

Employees' turnover is a much studied phenomenon Shaw et al. (1998). But there is no standard reason why people leave organization. Although, there is no standard framework for understanding the employees turnover process as whole, a wide range of factors have been found useful in interpreting employee turnover Kevin et al. (2004).

Employees have a strong need to be informed. Organisation with strong communication systems enjoyed lower turnover of staff (Labov, 1997). Indications are that employees are more likely to stay when there is a predictable work environment and vice versa (Zuber, 2001).

Large organizations can provide employees with better chances for advancement and higher wages and hence ensure organizational attachment (Idson and Feaster 1990). Employees feel comfortable to stay longer, in positions where they are involved in some level of the decision-making process. That is employees should fully understand about issues that affect their working atmosphere (Magner et al. (1996).

Satisfaction represents an affective response to specific aspects of the job or career and denotes the pleasurable or positive emotional state resulting from an appraisal of one's job or career (Locke, 1976). Factors that trigger turnover intentions include aspects of work, job satisfaction, work stress, age, education level, work culture, work pressure, workload, marital status and job insecurity. (Apriani, N. ., & Siregar, Z. M. E. (2023).

An organizations' human capital core is comprised of the talented employees, making it significant to highlight their turnover behaviour influence on an organization's competitive advantage (Lee and Steven, 1997; Shaw, 1999; HoukesInge, 2001)

Working environment, career growth and career development opportunities should be provided including motivational talks should be there which will in turn work them enthusiastically. (Anand pawar et al., 2014). 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 (Rahman, 2017).

#### **4. RESEARCH METHODOLOGY :**

In this study, we have done a Descriptive research and have collected data using self-administered questionnaires. Data collection is an important process in any research whether it is a primary data or secondary data.

We have collected both the data for our study a) Primary data using questionnaires and b) Secondary data using books, journals, online websites, previously done research papers, records from various bank websites are used to make the study more relevant.

##### **4.1. AREA OF THE STUDY**

We have collected data from employees of various private banks in and around Madurai district of Tamilnadu

##### **4.2. SAMPLING TECHNIQUE AND SAMPLE SIZE**

We have used a non-probability technique of convenience sampling as our study area is large and available population is high.

Choosing the sample size so that you can validate your research without any or minimal error is a tricky part. After validating the questionnaires collected we have consolidated legitimate questionnaires from 92 employees. As they can represent the whole population of the study we have proceeded with further research. The research period is of 6 months.

##### **4.3. DESIGN OF THE STUDY**

Planning is the first step to any work. Having a solid design or layout of what we need is rather important to complete the research without any hiccups.

### 4.3.1. RESEARCH DESIGN

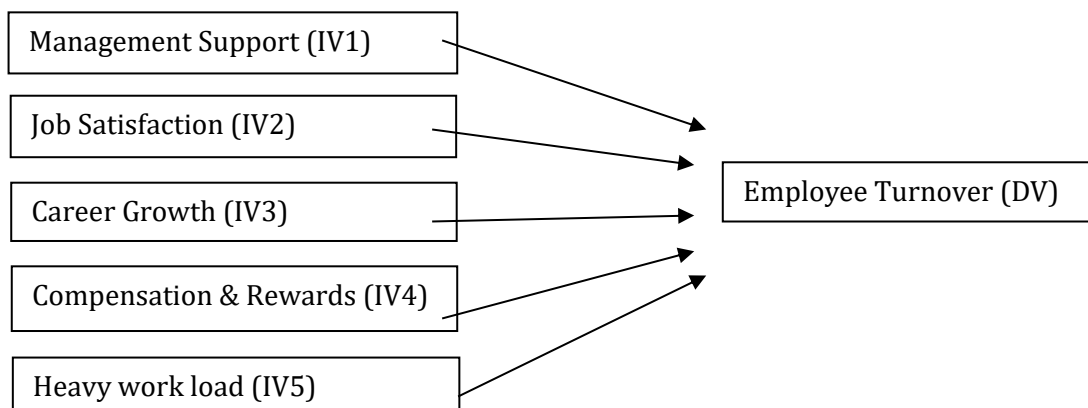


Diagram 1: Research design of the study

IV- Independent Variable, DV – Dependent Variable

### 4.3.2. VARIABLES USED IN THE STUDY

#### a) Independent Variables

Independent Variables are those variables which change or manipulate to test its effect on the dependent variables. We have chosen the variables as i) Management Support, ii) Job Satisfaction, iii) Career Growth, iv) Compensation and other benefits and v) Heavy work load.

#### b) Dependent Variables

Dependent Variables are those that are influenced by the independent variables. It is the outcome by modifying the predictor variables in any scientific research. Here, we have taken i) Employee turnover as the dependent variable.

## 5. DATA ANALYSIS AND INTERPRETATION

Analyzing the data collected scientifically and collaborating those information into our research so we can use those processed information in our decision making is an important course of action which is needed to be done deliberately.

### 5.1. STATISTICAL TOOLS

The tools that we have to use must be chosen carefully to do our data analysis and so we can interpret the quantitative data we have collected to a processed input of information that can be used to take business decisions.

We have used the following tools to do the construe our data are

- i) Percentage Analysis
- ii) Analysis of Variance (ANOVA)
- iii) Spearman’s Rho correlation

#### D). Percentage Analysis

##### 1. Percentage Analysis on Gender of the employees

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	17	18.5	18.5	18.5
	Male	75	81.5	81.5	100.0
	Total	92	100.0	100.0	

Table 1: Gender – Percentage analysis

Among the 92 respondents, 17 i.e., 18.5% were female employees and 75 employees i.e., 85% were Male respondents.

### 2. Percentage Analysis on Age of the employees

Age	No. of Respondents	Percentage
< 25	20	22%
25-35	61	66%
>35	11	12%
	92	100%

Table 2: Percentage analysis on Age of the respondents

Among the 92 respondents, 22% of them were less than the age of 25, 66% of them were between the age group of 25 – 35 and 12% of them were of age greater than 35.

### 3. Percentage Analysis on Marital Status of the employees

Marital Status	No. of Respondents	Percentage
Single	58	63%
Married	34	37%
Others	0	0%
Total	92	100%

Table 3: Percentage Analysis on Marital Status of the employees

Among the 92 respondents 63% (58) were not married and 37% (34) of them married.

## II. ANOVA analysis between the Dependent and Independent Variables

### 1. Management support and Employee Turnover

**ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Turnover *	Between Groups	(Combined)	45.768	4	11.442	9.161	.000
Management Support	Within Groups		108.667	87	1.249		
	Total		154.435	91			

Table 4: ANOVA on Management Support and Employee Turnover

From this table it is evident that the independent variable Management support has a high significance with the dependent variable Employee turnover. This proves our Null hypothesis (H10), i.e., Lack of superior support has a direct impact on employee turnover.

### 2. Job Satisfaction and Employee Turnover

The below table of analysis shows that level of Job satisfaction of employees have a significant impact on Employee turnover. The significance prove that our Null Hypothesis (H20) i.e., Low job satisfaction level in employees influence employee's decision in leaving the organization

**ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Turnover *	Between Groups	(Combined)	41.601	4	10.400	8.019	.000
Job Satisfaction	Within Groups		112.833	87	1.297		
	Total		154.435	91			

Table 5: ANOVA analysis on Employee Turnover and Job Satisfaction

### 3. Career Growth and Employee Turnover

**ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Turnover * Career Growth	Between Groups	(Combined )	47.217	3	15.739	12.918	.000
	Within Groups		107.217	88	1.218		
	Total		154.435	91			

Table 6: ANOVA analysis on Career Growth and Employee Turnover

The analysis from the table shows there is a significant impact between the variables Career Growth and Employee Turnover. Thus, our Null Hypothesis (H30), i.e., Career growth provided by the organizations has a significant role in employee turnover is proved.

### 4. Compensation and Other benefits and Employee Turnover

**ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Turnover * Compensation and Rewards	Between Groups	(Combined )	19.355	4	4.839	3.117	.019
	Within Groups		135.079	87	1.553		
	Total		154.435	91			

Table 7: ANOVA analysis on Compensation and other benefits and Employee Turnover

The above table shows that there is significance between both the variables and hence our Null Hypothesis (H40), monetary benefits and compensation system of an organization have a positive impact on employee turnover.

### 5. Work Load and Employee Turnover

**ANOVA Table**

			Sum of Squares	df	Mean Square	F	Sig.
Employee Turnover * Work Load	Between Groups	(Combined )	17.087	4	4.272	2.706	.035
	Within Groups		137.348	87	1.579		
	Total		154.435	91			

Table 8: ANOVA analysis on the variables Work Load and Employee Turnover

The above table shows that, the variables work load and Employee turnover has an impact and hence proving our Null Hypothesis (H50), Work load given to employees have greater influence in employee turnover.

### III) Spearman's Rho Correlation

Spearman's rho Correlations							
		Employee Turnover	Work Load	Management Support	Job Satisfaction	Career Growth	Compensation and Rewards
Employee Turnover	Correlation Coefficient	1.000	.346**	.420*	.550**	.659**	.409**
	Sig. (1-tailed)	.	.009	.017	.000	.000	.001
	N	92	92	92	92	92	92

\*\*. Correlation is significant at the 0.01 level (1-tailed).

\*. Correlation is significant at the 0.05 level (1-tailed).

Table 9: Spearman's Rho Correlation between the variables

From the above table we could get the inference that the correlation coefficient between the independent variables with the dependent variable employee turnover are as follows,

- Management Support and Employee turnover shows a coefficient of 0.420 which shows a moderate correlation.
- Job Satisfaction level of the employees has a coefficient of 0.550 which shows a moderate correlation.
- Employee Turnover shows a 0.659 correlation coefficient over Career Growth which shows a strong correlation.
- Compensation and other benefits shows a correlation coefficient of 0.409 with moderate correlation.
- Heavy work load with Employee turnover has a correlation coefficient value of 0.346 with weak correlation.

## 6. FINDINGS :

- From the samples we collected 17 i.e., 18.5% were female employees and 75 employees i.e., 85% were Male respondents. The Entry level positions in private banks are dominated by Male employees.
- As we concentrated only on low level management, many of the employees were fresher or with little experience. There was 22% of them were less than the age of 25, 66% of them were between the age group of 25 – 35 and 12% of them were of age greater than 35.
- Maximum respondents of 63% were single and only 37% of them were married.
- Employees feel stressed when they do not receive support from their superiors and Management which contributes to them leaving their job.
- When the employees are satisfied with job they tend stick to it.
- Every employee expects a growth in their career and when they couldn't anticipate or having doubts about their future in the bank they want to move on when they receive better prospects.
- Monetary and other benefits as rewards or incentives boost employee's morale and they want to retain in the organization.
- As the employees have to travel often to meet customers and when the delegation of work is not done properly and work load becomes heavy they become exhausted which in turn contributes to skilled employees leaving the organization.
- As many of the employees are young they are willing to take risk by shifting to jobs often compared to the employees who are middle aged.

### 6.1. Limitation of the study

- The study is confined only to small group among the population; hence large sample size will give a better picture.
- The time period is also a limiting factor, as with more time many other factors could also be taken in to consideration.
- As the employees spend more time on travelling it was hard for them to spend more time with the researcher.

## 7. SUGGESTIONS :

- The private banks must start investing in training and development for their employees so that they can develop themselves.
- The banks should create more Job opportunities and internal growth for the employees.
- Superior support and peer coordination plays an important role, so it must be made sure the employees in each branch work with good rapport.
- Fair delegation of work among employees increases their trust in their superiors and reduces the stress level of the employees.
- Giving monetary and non monetary rewards now and then influence them to work motivated and increase productivity.

## 8. CONCLUSION :

Most of the private bank employees at low level management are at their first job, who are mainly looking for building a career and are looking out for better prospects that could be more rewarding. As many of them are youngsters they are not bothered mostly about the work load instead are expecting their superior's support and word of appreciation now and then. Fair salary and incentives for better performers often motivate them to prove themselves and stay in the organization to learn more. From this study, it is evident that Career growth plays a vital role in employee retention. And emotional support from superiors, high level of job satisfaction, Fair salary system and proper delegation of works goes a long way in retaining the employees in the organization.

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