Demographic Factors Impacting Employee Turnover In The Private Banking Sector Of Bangladesh

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ABSTRACT: *Employees are the heart and soul of any organization. The aim of any organization is to maximize their profit which directly or indirectly is related to the productivity of its employees. Thus, the aim of any organization is to retain its core employees. Thus, in other words minimize employee turnover. The aim of this study is to understand the demographic factors that influence employee turnover in the banking sector of banking.*

For this purpose, information from primary and secondary sources was collected. Initially, a pilot study involving human resource managers of top banks was conducted. Based on their outputs, a close ended questionnaire was prepared and distributed to the various tiers of management officials in different banks. Quantitative analyses were done using Statistical Package for Social Science (SPSS) version 16. The reliability of the items present was estimated using Cronbach Alpha. The factors that showed greater consistency were chosen for analysis.

At first, we try and find the relation between turnover and the demographic variables. To decipher this relationship a bivariate analysis is conducted. The factors showing significant relationship are identified and later used for hypothesis testing and model development. From this analysis, we can say that age, educational qualifications and tenure i.e. the number of years in an organization are the factors impacting turnover. This turnover frequency can be minimized by retention of efficient employees. Banks should also aim to retain efficient and higher qualified employees. So, either through better compensation packages or through increased job satisfaction measures these employees should be retained

KEYWORDS - *banks, age, demographic variables, educational qualifications, employee turnover, tenure*

I.   INTRODUCTION

Employees are central to all organizational activities. The overall goal achievement of any organization directly depends on the collective efforts of its employees. Organizations are ready to bear the costs of acquiring the right job-person fit and person-organization fit through the selection and screening process. Thus, organizations invest a lot in terms of getting the right person who perfectly matched with its strategic goals and culture. They invest in them in terms of training them according to the organizational requirements and standards. Therefore, retaining these employees becomes a priority for those organizations who wants to gain competitive advantage in the market. Accordingly, minimizing the employee turnover rate becomes a prime concern for these organizations.

Over the years, a lot of studies have been done on this topic but no one study did ever study the investment perspective of the employee retention as a whole [1]. Hence, there exists a gap in this particular area of study; and in BD an internet search reveals no such study addressing this issue. The importance of turnover cannot be excluded in terms of employee performance, and its related costs to the organization. It is well documented that profitability of an organization generally negatively impacted by a high turnover rate of employees. Factors that usually impact turnover rate are age, tenure, job satisfaction and person-organization fit [2].These factors are interrelated, and independently or in any combinations can impact turnover [3].

1.1 Concept of Employee Turnover

Turnover is explained as the number of employees leaving an organization during a certain time period divided by the number of employees in that organization during that period [4]. From the human resource perspective, turnover explains the rate at which employee leaves a job, whether voluntarily or involuntarily. When an employee leaves an organization, someone else needs to be hired in that place. This whole process is known as turnover [2].

Turnover comes at a cost to the organization. In fact, a certain level of turnover cannot be avoided, and in fact, it could be beneficial to the organization as new people join organizations with new ideas that in the process enriched the organizational other activities. A healthy turnover rate is always desired by the top management of organizations to ensure healthy innovative growth of organizations [5].

1.2 Employee Turnover in Private Banking Sector in Bangladesh

Most businesses in Bangladesh face challenges posed by employee turnover that is 20%. Over the years, the trends have changed based on changes in market structure, competition and growth [5]. In case of most businesses, high employee turnover is considered undesirable as it means that most managerial staffs are newly recruited, and it becomes difficult for organizations to integrate them into the existing system of doing businesses and work culture of the company. High turnover means higher costs associated with the selection and recruitment process, training and induction of the employee. Apart from this, losing an experienced employee leads to decreased productivity and effectiveness of remaining staff. Alongside these, other intangible costs incurred by the company are loss of customer loyalty, deteriorating brand image, and good will in the industry [5]. From the employees' perspective, it is always the 'grass is always greener on the other side" syndrome impact i.e. one feels that other jobs are always better which may not be the case.

Nonetheless, from employer perspectives, employee turnover also has some positive impacts for the business. Business entities always reap benefits when poor or inefficient performers leave the organizations voluntarily. On the other hand, from employee perspectives, they are being benefited by getting higher remuneration, career progression, hence higher social status [5]. For private banking sector in Bangladesh, employee increase or decrease in turnover rate somewhat depends on overall business environment; availability of alternative jobs, and growing size of the economy these two factors individually or in combinations play a key role in determining the trend and rate of employee turnover [5].

1.3 Objective

The main objective of this study is to identify the contextual factors especially the demographic ones that impact employee turnover in the private banking sector of Bangladesh.

II. LITERATURE REVIEW

Employee turnover is the percentage of employees who are leaving an organization, and are being replaced by new ones. In the broader sense, employee turnover incorporates those who resign, retire or are forced to leave the job. Employee turnover is the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment [6]. Decreased or low job turnover rate of employees plays a crucial role in an organization's long term achievements and successes; since higher contented workers results in lower rate in employees' turnover, which in turns results in a more stable work environment for organizations [7].

2.1 Reasons for Employee Turnover

Employees are the heart of the organization. The success of any organization is directly related to its employees and is determined by their cumulative achievements. Most successful organizations have stable organizational work environment with perfect blend of youth and experience. Theses successful organizations retain their employees by ensuring their needs are properly addressed. Therefore, job satisfaction, which is a measure of one's emotional binding and attitude towards his/her job, is higher in these organizations [8]. Specifically, job satisfaction explains how effectively an employee's expectation is being matched by the organization [9].

Compensation is another factor that affects job satisfactions that in turns, in the long term, impact the intentions of leaving a job/organization. Higher compensation is negatively correlated with intention to leave and thus directly related to job satisfaction [10]. Mueller and Price [11] also asserted that employees tend to leave an organization due to financial reasons.

The topic of organization, its employees and their satisfaction has been widely studied. A topic closely related to these is employee turnover. Turnover plays a crucial role in the success of organizations. Every organization hopes to have optimal productivity and low turnover. There are various reasons for employee turnover- some of which are directed related to the organization i.e. the organizational variables while some are external. External factors include the labor market conditions, macroeconomic environment and globalization effect. These factors can impact the employment opportunities for individuals which may lead to capable employees leaving an organization. Other relevant factors include individual work variables such as demographic factors and other intrinsic factors relating to growth, remuneration and promotion [12]. Few articles include the factors such as stress, work load and work –life balance to play significant roles in influencing someone to leave an organization. Turnover due to work load can be defined as a deliberate want of an employee to leave the organization [13].

Demographic variables are used for turnover research and analysis. The most pertinent demographic factors are age and tenure. Extensive studies have been done in this segment. An interesting factor regarding tenure is that length of employment in an organization has a positive correlation to turnover [14]. Age is a prime determinant in turnover analysis. An employee can expect to switch up to twelve jobs by the age of 40 [15]. Other studies have looked into the relationship of certain factors to turnover. For instance, job satisfaction and turnover as

expected have inverse correlation [16]. An indirect measure of turnover is organizational commitment. While turnover and organizational commitment can be said to be negatively correlated, organizational commitment has a positive correlation with age, job experience and duration of service in the organization [13]. Some researchers have gone to the extent of observing if gender differences play any role in turnover. The results deduced from these are conflicting with no one definite relationship between gender and turnover striking out. Women have less expectation from their work life and thus have greater job satisfaction [17]. Some articles state female employees turnover are greater than their male counterpart [6]. Some reports state that males are more akin to leave jobs [18]. A few even reported that there is no correlation between gender and turnover [19].

2.2 Consequences of Turnover

An important reason that can compel an efficient employee leaving an organization is the availability of better employment offers. Thus, economic growth can pose challenges for human resource managers in retaining efficient employees [15]. From the organization's perspective, not only does turnover lead to the loss of competent employees, there are costs associated with it. The costs can be divided into two broad genres- direct and indirect costs. These costs can have multiple implications on the financial as well as the productivity aspect of an organization.

For an organization, tangible costs include the costs related to selection, recruitment and training new employees. These costs related to the selection procedure are called direct costs [20]. These costs also include costs of searching for a compatible substitute, selection between competing substitutes, induction of the chosen substitute and formal and informal training of the chosen candidate to help the employee achieve the competency level of the individual who left the organization [9]. Likewise the intangible costs of learning, moral impact, work load imbalances, disruption of team, and distraction of job performance are indirect costs [6]. But there are other positive effects on the organization due to turnover. Positive effects include dislocation of poor performer, improvement, flexibility and conflicts resolutions [21].

From an individual perspective, turnover can have both positive and negative impacts. Positive impacts can be higher compensation package, job challenges and better work-life balance [21]. Negative consequences may include unfulfilled expectations, losing on seniority and social life disruption [21].

Typically, turnover is especially expensive at top management /executives' level. A study estimates that the cost of replacing an executive is 64,000 American Dollar and the cost of unscheduled absence would be as high as 757 American Dollar per employee [9]. Therefore, retaining experienced and competent employees is of prime importance for the efficient working of an organization. Based on the findings, many researchers have proposed solutions to the turnover problem and have developed various retention strategies.

III. RESEARCH METHODOLOGY

This study is conducted based on both primary and secondary data. Extensive literature review   using secondary sources such as various websites, online and printed articles, and research papers was done to gather the key understandings for this research. Once this was done, a pilot survey was conducted through face to face interviews of 20 top human resource managers of the banking institutions. Based on their inputs, a close ended questionnaire was developed.

Sample size: Using a confidence interval (margin of error) of 8 and confidence level of 95% , the required sample size is estimated to be 150.For this purpose, around 300 questionnaires were provided to the various tiers of the management of different organizations. Of this lot, 181 were returned- a response rate of approximately 60 percent. All of the respondents were employees of various banks in Dhaka city.

Sampling technique: While doing the pilot survey, a convenience sampling procedure was followed due to the accessibility of the target group. For the final data collection purpose, the close-ended questionnaire was sent out to as wide a sample as possible. Therefore, in this case a simple random sampling method was followed.

Data Collection: Primary data was collected using a closed ended questionnaire. The respondents remained anonymous to ensure free expression of thoughts. The questionnaire was used to collect the demographic profile of the respondents, their current job tenure, the current job status and the frequency of job switching.

Data Analysis: Quantitative analyses were done using Statistical Package for Social Science (SPSS) version 16. The reliability of the items present was estimated using Cronbach Alpha. Initially, the Alpha value calculated was 0.650.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.650	.747	9

To improve the reliability the most consistent questions were chosen for analyses purposes and the Cronbach's Alpha calculated was 0.715.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.715	.910	6

It is to be noted that for bivariate analysis, a 1% level of significance is chosen while for regression analysis a 5% level of significance is taken.

IV.   ANALYSIS AND FINDINGS

For the analysis purpose, the factors which showed internal consistency are chosen. These are: age of an employee, his/her educational qualifications, the employee's mode of appointment, the number of years serving an organization, the employee's job level and turnover frequency.

4.1 Demographic Profile

The demographic profile details of the respondents are presented below:

Table 1: Age Group Breakdown

Age Group	No of Observations/ Frequency	Percentage (%)
25-30	88	48.6
30-35	50	27.6
35-40	17	3.4
40-45	26	14.4

Table 2: Gender Profile

Gender	Frequency	Percent (%)
Male	113	62.4
Female	68	37.6

Table 3: Educational Qualifications breakdown

Educational Qualifications	Frequency	Percent (%)
Bachelors	103	56.9
Masters	72	39.8
PhD	6	3.3

Table 4: Mode of appointment

Mode of appointment	Frequency	Percent (%)
entry	70	38.7
promotion	63	34.8
direct	48	26.5

Table 5: Number of years in organization

Number of years in organization	Frequency	Percentage (%)
<3	108	59.7
3-6	32	17.6
6-10	14	7.70
>10	27	14.9

Table 6: Job Level Profile

Job Level	Frequency	Percent (%)
entry	73	40.3
mid	80	44.2
top	28	15.5

Table 5: Number of earning family member

Number of earning family members	Frequency	Percent (%)
1	34	18.8
2	121	66.9
3	26	14.4

Table 6: Number of family members

Number of family members	Frequency	Percent (%)
1-2	29	16.0
3	83	45.9
>4	69	38.1

From this data presented, the majority of the respondents interviewed are in the 25-30 age bracket while least number of them are in the 35-40 age group. About 65 % of the employees interviewed are male while the rest are female. Most of the respondents have a Bachelors' degree. A notable proportion of them have completed their Masters' while very few of them have a PhD. Of those interviewed 38.7% of them have entered in an entry position, while 34.8% have taken an internal promotion and 26.5% had had a direct entry in a senior position. Of the respondents, 40.3% are in their entry level, 44.2% in the mid and 15.5% are part of the top management.

It can be interpreted that, about 60% of the respondents have been with their current organization for a period less than 3 years. This indicates people in the private banking sector in Bangladesh are prone to job switching. From the analysis, one can interpret that most families have more than 2 bread earners and typical family size is of 3 or more.

4.2 Turnover Frequency

From the table presented below, one can see that about 67% of the respondents have changed their jobs less than 2 times while 11% of them have changed their jobs 3 or more times. This may be due to the age group of the respondents interviewed.

Table 7: Turnover Frequency

Turnover Frequency	Frequency	Percent (%)
0	71	39.3
1	50	27.6
2	40	22.1
3	10	5.5
>3	10	5.5

4.3 Relationship between Demographic Factors and Turnover

Using the above demographic profile and turnover data in line with the test for consistency we can try and find the relation between turnover and the demographic variables. To decipher this relationship a bivariate analysis is conducted. This is later used for developing and testing required hypothesis.

Table 8: Pearson Correlations among the Variables

Correlations[a]

	1	2	3	4	5	6
Age, 1	1	.690**	.610**	.751**	.670**	.921**
Sig. (2-tailed)		.000	.000	.000	.000	.000
Educational Qualifications, 2		1	.718**	.274**	.649**	.655**
Sig. (2-tailed)			.000	.000	.000	.000
Mode of Appointment, 3			1	.120	.551**	.644**
Sig. (2-tailed)				.106	.000	.000
Number of years in present organization, 4			.120	1	.340**	.791**
Sig. (2-tailed)			.106		.000	.000
Turnover Frequency, 5					1	.618**
Sig. (2-tailed)						.000
Job Level, 6						1

**. Correlation is significant at the 0.01 level (2-tailed).

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Sig. (2-tailed)						.000
Job Level, 6						1

a. Listwise N=181

Here, in the Pearson correlation test the asterisk marks explain the variables having significant correlation with each other .Thus, from the above analysis, we can see there is significant relationship between turnover and the selected demographic variables. This is later used for hypothesis testing.

4.4 Model Development

The demographic variables having significant relationships with turnover frequency are further analyzed by using the regression tool. The main objective of this is to pinpoint the relevant factors that influence employee turnover. From the bivariate analysis, we deciphered the variables: educational qualifications, mode of appointment, age, job level and number of years in the current organization as key determinants of employee turnover.

Thus, these variables are used in the regression model to comprehend the impact of predictors on turnover. One of the basic assumptions for undertaking a regression analysis is to ensure the number of independent variables to sample size should at least be in the ratio of 1 is to 5. Our sample size is 181 which comprehensively satisfy the requirement set by the predictors.

Table 9: Model Summary of Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737[a]	.543	.530	.64324

a. Predictors: (Constant), Job Level, Mode of Appointment, Educational Qualifications, Age, Number of years in present organization

The significant adjusted R Square value of .53 explains that around 53% variability of turnover frequency is explained by the variability of the predictors.

4.4.1 Hypothesis Testing- Model

To check the usefulness of the model we had to run a hypothesis test.

Ho: There is no significant relationship between the demographic variables and employee turnover.

Table 10: Anova Analysis of Regression Model

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	86.156	5	17.231	41.645	.000[a]
	Residual	72.408	175	.414		
	Total	158.564	180			

a. Predictors: (Constant), Job Level, Mode of Appointment, Educational Qualifications, Age, Number of years in present organization
b. Dependant variable: Turnover Frequency

From the analysis, one can decide to reject the null hypothesis as p value of 0.00 is less than that of level of significance set. Therefore, there is significant relationship between the demographic factors and employee turnover. Thus, the model is utilitarian.

4.4.2   Hypothesis Testing- Predictors
Hypothesis testing of each of the demographic factors that showing significant relationship with turnover frequency in the bivariate analysis is undertaken to check if their correlation holds.
1. Ho: There is no supported evidence between turnover and age of employees.
2. Ho: There is no supported evidence between employee turnover and educational qualifications.
3. Ho: There is no supported evidence between employee turnover and mode of appointment.
4. Ho: There is no supported evidence between employee turnover and number of years in an organization.
5. Ho: There is no supported evidence between employee turnover and job level.

Table 11: Coefficients of Regression Model

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-8.573	2.445		-3.507	.001		
	Age	.102	.024	.628	4.266	.000	.120	8.303
	Educational Qualifications	.375	.146	.225	2.577	.011	.342	2.920
	Mode of Appointment	-.237	.145	-.202	-1.628	.105	.169	5.900
	Number of years in present organization	-.121	.040	-.498	-3.041	.003	.097	10.284
	Job Level	.554	.284	.417	1.952	.053	.057	17.463

a. Dependent Variable: Turnover Frequency

The equation from regression model is:

Y= -8.573+.102*X1+.375 *X2-.237*X3-.121*X4 +.554*X5   (Equation 1)
Where: Y= Employee Turnover frequency
X1= Age
X2= Educational Qualifications
X3= Mode of Appointment
X4= Number of years in present organization
X5=Job Level

It is important to check for the multi-collinearity. From the table above we can observe that none of the predictors have a collinearity tolerance value of greater than or equal to 0.9 meaning that none of the variables are very highly correlated.

4.4.2.1 *Hypothesis 1*

Ho: There is no supported evidence between turnover and age of employees.
From our analysis we can infer that p value is less than that of level of significance set. Thus, we can interpret that there is significant relationship between employee turnover and age of employees**.**

4.4.2.2 *Hypothesis 2*

Ho: There is no supported evidence between employee turnover and educational qualifications.
From the table above we can observe that p value is less than the level of significance set. Therefore, we can interpret that there is significant relationship between clients' choice of area and age of customers. Thus, we can reject the null hypothesis.

4.4.2.3 *Hypothesis 3*

Ho: There is no supported evidence between employee turnover and mode of appointment.
From our analysis we can infer that p value is greater than that of level of significance set. Thus, we can interpret that there is no supported evidence between employee turnover and mode of appointment meaning we cannot reject the null hypothesis.

4.4.2.4 *Hypothesis 4*

Ho: There is no supported evidence between employee turnover and number of years in an organization.

From the analysis performed we observe that t value is less than t critical meaning significant relationship between employee turnover and number of years in an organization. Thus, we can reject the null hypothesis.

4.4.2.5 *Hypothesis 5*

Ho: There is no supported evidence between employee turnover and job level.
From our analysis we can infer that p value is greater than that of level of significance set. Thus, we can interpret that there is no supported evidence between employee turnover and mode of appointment meaning we cannot reject the null hypothesis.

V.   RECOMMENDATIONS

From the analysis, one can observe that age, educational qualifications and number of years in an banking organization impacts turnover frequency. This turnover frequency can be minimized by retention of efficient employees. Usually, people who serve the organization for a long tenure are experienced employees who have attached themselves to the values and norms of the organization. Therefore, the banks should develop retention strategies to ensure that these employees are retained and there is either no correlation or negative correlation between tenure and employee turnover. To add to this, it is also observed that employees with higher educational level are prone to job shifting. Organizations should also aim to retain efficient and higher qualified employees. So, either through better compensation packages or through increased job satisfaction measures these employees should be retained.

VI.   CONCLUSION

Employees are the soul of an organization. The success of any organization is related to the productivity of its employees. Organizations would love to retain efficient employees and thus reduce employee turnover. Here, we looked at the demographic factors impacting demographic turnover. The predictors: age, educational qualifications and number of years in an organization impact employee turnover. The aim of any organization should be retain qualified and efficient employees who are in tune with its values and beliefs. Retaining these employees is central to the success of any organization. To check o this parameter, further studies can be done to find out the factors that influence job satisfaction which in turn leads to retention of employees.

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