

# Employee Turnover in Retail Sector

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*Retailing is a set of business activities that add value to products and services sold to final consumer for their personal, family, or household. Although retail industry has been existing in our country for decades but its only in recent past, it has seen a tremendous growth and has become one of the largest industries in India. However, retail sector is polarized with a concentration of large multiple retailers at one extreme and a large majority of small businesses at the other. In spite of being one of the largest sector, it has been suffering from one of its major problem facing is employee turnover. In past few years, it has become difficult to retain talented employees. What leads employee to quit, reasons could be many, like job related stress, lack of commitment, job dissatisfaction and many so through this paper we attempt to find out the reasons for employee turnover and its effects on retail sector.*

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## I. INTRODUCTION

The term 'retailing' has been derived from French word- 'retailer'. It means 'to cut a piece off'. Retailing has been in India for years but only in recent past it has witnessed such a tremendous growth, and has become one of the largest industries in India. The increase in the number of retail chains across the country is an indication that organized retailing is emerging as an industry and will boom in a big way in the near future.

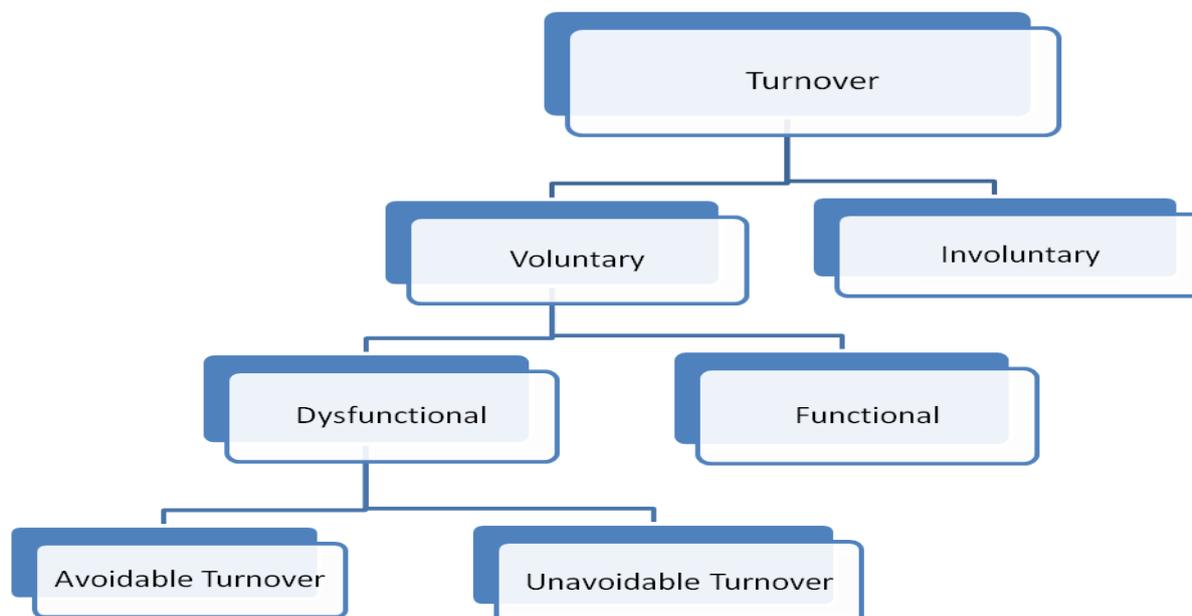
In spite of getting all positive environment and success, the retail sector in India is facing various problems, out of which the major setback is regarding employee turnover. Firth et al., (2004) says that the reason which makes employees quit their workplaces is largely influenced by job dissatisfaction, lack of commitment towards the organization and work stress. According to March and Simons (1958) employees make rational discussions to quit and search for more attractive jobs elsewhere. Managers must recognize that employees are major contributors to the efficient achievement of the organization's success (Abassi and Hollman, 2000). This practice of employees is not healthy for organizations because this way they lose their skilled workers and this issue is need to be managed (Bannister and Griffith, 1986; Glebbeek and Bax, 2004). There is a complex relationship between retail industry and the turnover of its employees which has been discussed in the coming sections.

## II. REVIEW OF LITERATURE

Turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment (Abassi and Hollman, 2000). However turnover is defined by Price (1977) as the ratio of the number of organizational members who have left during the period being considered divided by the average number of people in that organizations during the period. (Dougherty et al., 1985) define turnover intention as an employee's decision to leave an organisation voluntarily. Turnover intention has been identified as the immediate precursor for turnover behaviour (Mobley et al., 1978; Tett & Meyer, 1993).

There are number of reasons why employees leave organizations. Some to escape negative work environments, some are more aligned towards with their career goals, and some to pursue opportunities that are more financially attractive. Griffith and Hom (2001) and Mobley (1977) differentiate between voluntary and involuntary turnover as shown in figure 1. Voluntary turnover is the one in which individual choose to leave an organization, However over the past few decade voluntary turnover has been accelerating (Kransdorff, 1996). Involuntary turnover when employee forced to leave the organization or result of external factors such as death or illness (Hom and Girffeth, 1995). Griffith and Hom (2001) further distinguish voluntary resignations between functional (exit of substandard performers) and dysfunctional (exit of effective performers). Finally, unavoidable resignations over which the employer has no influence are also left aside (family move, childbirth, serious illness or death). This leaves the group of avoidable resignations as the key focus. It also implies that to allow an informed decision, turnover rates have to be calculated down to department level, to identify which areas are most problematic.

Figure: 1



Job stressors, lack of job satisfaction (Moore, 2002), lack of commitment to the organization are some of the reasons that contribute to employees' intention to quit their jobs; (e.g. Greenhaus and Beutell, 1985; Igbaria and Greenhaus, 1992; Kahn *et al.*, 1964; Leong *et al.*, 1996; Lum *et al.*, 1998; Peters *et al.*, 1981; Rahim and Psenicka, 1996). Turnover intention has been identified as the immediate precursor for turnover behaviour (Mobley, Horner & Hollingsworth, 1978; Tett & Meyer, 1993). It has been recognised that the identification of variables associated with turnover intentions is considered an effective strategy in reducing actual turnover levels (Maertz & Campion, 1998). Job satisfaction and organisational commitment (affective and continuance) are considered as proximal antecedents as they are strong direct predictors of turnover intentions. *Job Satisfaction* is defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p. 1304). Satisfaction with work, pay, promotion, co-workers, leads to overall job satisfaction. Work is such a large part of an employee's life and is represented by a belief that employees who are more satisfied with their work experiences and environment will stay longer (Spector, 2000), will attend work regularly, and perform at an optimum level (Porters & Steers, 1973). Job satisfaction generally implies a positive evaluation of work and a positive effect deriving from it; that is, a "positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p. 1300). Negative work attitudes play a central role in models of turnover. Job dissatisfaction prompts turnover cognitions and the desire to escape the job environment (Hulin, 1991; Mobley, 1977; Porter & Steers, 1973). The job insecurity associated with restructuring and downsizing environment is viewed as an opportunity to pursue career opportunity elsewhere (Bennet *et al.*, 1995). Job satisfaction is closely related to organizational commitment and turnover. Organizational commitment can be defined as "the relative strength of an individual's identification with, and involvement in, a particular organization" (Mowday, Steers, & Porter, 1979, p. 226). However, commitment to company values and goals and can reduce thoughts of withdrawal (Mowday, Porter, & Steers, 1982). Effective commitment and is deemed more positive for performance than normative commitment, which occurs when an individual stays out of obligation, or continuance commitment. Lack of employee commitment to the organization is one of the negative consequences of stress.

Stressors are defined as the "antecedent conditions within one job or the organization which require adaptive responses on the part of employees" (Jex and Beehr 1991, p. 312). Role stress are a key aspect of employees' job-related functions (Hartenian and Hadaway, 1994). However, if expected and perceived roles differ, role stress can result its effect on job performance. Flaherty *et al.* (1999) found that role conflict was negatively related to customer-oriented selling, a trait associated with increased job performance. Moreover, employees encountering role conflict may experience psychological withdrawal from the job leading to reduced job performance (Bettencourt and Brown, 2003). Role ambiguity. A lack of understanding about job responsibilities and knowing what is expected in terms of one's job performance is identified as role ambiguity (Rizzo *et al.*, 1970) or a lack of role clarity (Shepherd and Fine, 1994). Employees who experience stress in their work tend to perform at lower levels (Bhuan *et al.*, 2005) which leads to withdrawal intention which further leads to turnover.

### III. CONSEQUENCES OF EMPLOYEE TURNOVER

Employee turnover results in lower morale of existing employees, increase pressure on the remaining staff, and also organization face the loss of social capital (Des & Shaw, 2001). Any employee's exit from organisation affects its direct cost to select, recruit, and train a new employee (Dalton, Todor, & Krackhardt 1982; Staw, 1980). The cost of losing a high performer who has a high degree of knowledge, skills and abilities, can be substantial to the organisations performance, productivity, and service delivery. In addition, turnover can also have a negative impact on other employees by disrupting group socialization processes and increasing internal conflict, which can lead to triggering additional turnover (North, Rasmussen, Hughes, and Finlayson 2005). Turnover of employees may be a trigger to additional turnover by causing a decline in confidence and highlighting the availability of alternative jobs. It also negatively affects the functioning of an organisation through loss of team integration, cohesion, and morale. It may also lead to increased in-group conflicts and breakdown of interaction with customers. It is widely believed that a significant amount of turnover adversely influences organisational effectiveness and disrupts performance and productivity (Horn and Kinichi, 2001). The cognitive withdrawal of the employee prior to separation, and in terms of productivity, reduces the corporations' skill level as high turnover disrupts the process of production, leading to inefficiencies (Alexander, Bloom, and Nuchols, 1994). Turnover is associated with an individual's ability to move into new organisations, which is vital for the future development of organisations. However, if turnover is excessive, organisational productivity may be decreased (Mobley 1982).

Despite vast empirical research in the literature, the importance of understanding the factors contributing to an employee's decision to leave an organisation has not been given due importance. According to Dalton, Krackhardt and Porter (1982), there is need for further empirical research to gain greater understanding of the process of turnover.

Figure: 2

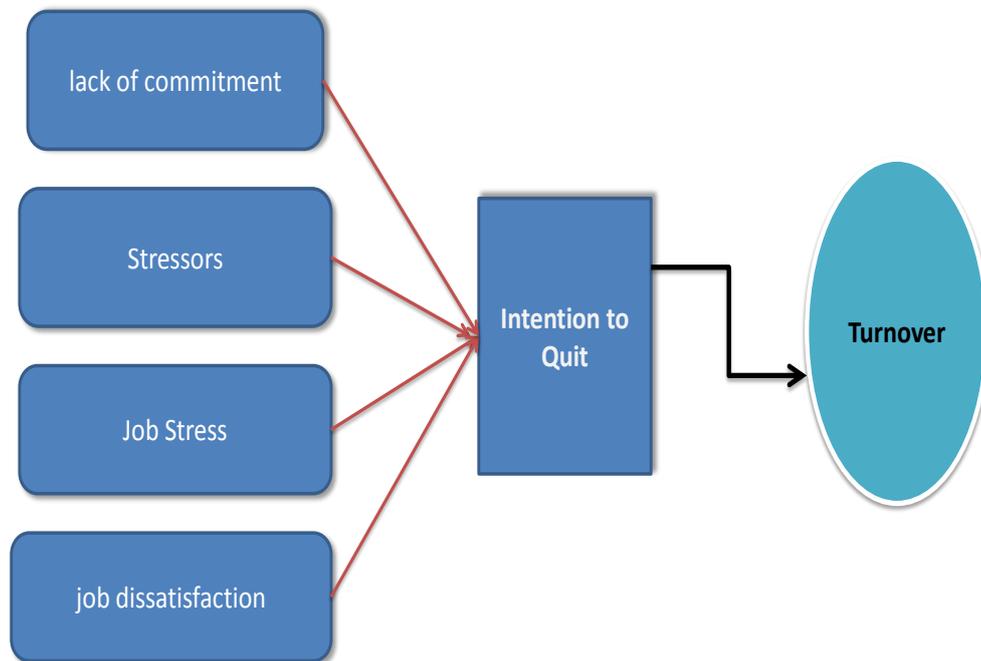


Figure 2 above shows the some of the factors which lead to intention to quit. These factors ultimately result in employee turnover.

**Objectives**

To search reasons for high employee turnover in retail sector, the main objectives of the study will be as follows:

1. To find out factors leading to job related stress, lack of commitment and job dissatisfaction.
2. To look at how these factor contribute alike towards intention to quit.

**IV. METHODOLOGY**

The research done is a descriptive one since the information needed was clearly defined as a result the study was planned with a structured questionnaire. Data for the study has been collected with the help of a designed questionnaire. The scale was ranked from strongly agree to strongly disagree on a 5 point likert type scale. The questionnaire was administered to 70 employees across single store retail outlets questionnaire were filled online due to time constrain. Tools such as correlation and regression have been used to exhibit the relation between the dependent (intention to quit) and independent variables (stressors, job stress, and commitment and job dissatisfaction).

**Hypothesis**

- H01: There is no positive relationship between stressors and intention to quit.
- H02: There is no positive relationship between job stress and intention to quit.
- H03: There is no positive relation between job satisfaction and intention to quit.
- H04: There is no positive relation between job commitment and intention to quit.
- H05: There is no effect of stressors on intention to quit.
- H06: There is no effect of job stress on intention to quit.
- H07: There is no effect of job satisfaction on intention to quit.
- H08: There is no effect of job commitment on intention to quit.

**Analysis of Data**

Table 1 shows the correlation in which intention to quit is taken as a dependent variable . Stressors, job stress, job satisfaction, job commitment are the factors which show the relation. Since the correlation is significant at 0.05 level, the results can be interpreted as follow:

**Table: 1**

		Correlations				
		Stressors	job stress	job satisfaction	Job commitment	intention to quit
Stressors	Pearson Correlation	1	-.200	-.135	-.162	.310
	Sig. (2-tailed)		.289	.477	.393	.096
	N	30	30	30	30	30
job stress	Pearson Correlation		1	-.027	.184	.336
	Sig. (2-tailed)			.889	.330	.070
	N		30	30	30	30
job satisfaction	Pearson Correlation			1	.301	-.428*
	Sig. (2-tailed)				.106	.018
	N			30	30	30
job commitment	Pearson Correlation				1	-.424*
	Sig. (2-tailed)					.019
	N				30	30
intention to quit	Pearson Correlation					1
	Sig. (2-tailed)					
	N					30

• Correlation is significant at the 0.05 level (2-tailed).

1. There is a positive relation between stressors and intention to quit.
2. There is a positive relation between job stress and intention to quit.
3. There is a negative relationship between job commitment and intention to quit.
4. There is a negative relationship between job satisfaction and intention to quit.

**Exhibit 1: Summary of Results of Correlations**

Hypothesis	Result
H01	Rejected
H02	Rejected
H03	Fail to reject
H04	Fail to reject

**Table 2.**

**Regression**

**Variables Entered/Removed<sup>b</sup>**

Model	Variables Entered	Variables Removed	Method
1	Job commitment, stress job stress, job satisfaction	.	Enter

a. All requested variables entered.

b. Dependent Variable: intention to quit

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722 <sup>a</sup>	.522	.445	.814

R Square is .522. It Explains 52.2% variance. Variables like stressors, job stress and job commitment explain 52.2 % variance in the dependent variable

**Table 4: ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.087	4	4.522	6.818	.001 <sup>a</sup>
	Residual	16.580	25	.663		
	Total	34.667	29			

a. Predictors: (Constant), job commitment, stressors, job stress, job satisfaction

b. Dependent Variable: intention to quit

**Table: 5**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.912	1.762		2.787	.010
	Stressors	.660	.310	.305	2.129	.043
	job stress	.396	.124	.460	3.201	.004
	job satisfaction	-.490	.277	-.259	-1.769	.089

organizational commitment	-.643	.251	-.382	-2.566	.017
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a. Dependent Variable: intention to quit

The table shows-

1. There is a significant effect of stressors on intention to quit.
2. There is a significant effect of job stress on intention to quit.
3. There is no significant effect of job satisfaction on intention to quit.
4. There is a significant effect of job commitment on intention to quit.

#### Exhibit 2: Regression analysis

Hypothesis	Null Hypothesis
H05	Rejected
H06	Rejected
H07	Fail to reject
H08	Rejected

### V. CONCLUSIONS

The result of the analysis shows that a difference of opinions is found in the proof of hypothesis. As the no. of stressors increase in the work environment the feeling of intention to quit increases. The increase in job stress develops a heightened increase in the turnover. In retail sector, intention to quit is largely influenced by job dissatisfaction, lack of commitment to the organization and feeling of stress, this impact of intention to quit leads to turnover. The given analysis show that job commitment and job satisfaction have an indirect effect on intention to quit. Job satisfaction and higher job commitment reduce the feeling of quitting which avoids turnover. However on analyzing the effect it is found that stressors, job stress and job commitment have a significant effect on intention to quit. Factors monitoring workloads and supervisor subordinate relationships by management not only reduce stress but increase the feeling of commitment and job satisfaction to the organization. Thus there is need to reduce the subsequent turnover and, this could only be done by satisfying the employees by giving them the opportunity where their work is appreciated and feeling of growth is developed among them. Managers need to monitor both extrinsic and intrinsic factors of job satisfaction available to employees. All this will in turn reduce the intentions to quit.

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