



FACTORS INFLUENCING EMPLOYEE'S TURNOVER AND IDENTIFICATION ON THE METHODS OF RETENTION IN BANGLADESH: A CASE STUDY ON EASTERN TUBES LIMITED (ETL)

Md. Masud Rana

Lecturer, Department of Business Administration, Shanto-Mariam University of Creative Technology

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ABSTRACT

This study assesses the reasons behind turnover at Eastern Tubes Limited with an objective to identify the factors affecting turnover. Data were gathered from both primary and secondary sources. This research contains summary of employee turnover management at Eastern Tubes Limited (ETL), why does it occur and identify the methods of retention. This research briefly covers various areas where employee retention strategies are implemented namely recruitment, training and development, work culture, salary negotiation, compensation management, rewards and recognition and exit interviews and at the end the research finally highlights various aspects which are to be considered for improvement of employee retention strategies.

1. INTRODUCTION

Today's competitive business world, it is considered to be an important task to manage employee turnover for any organization. Naturally people want diversities in his/her everyday life; seeks for new and challenging jobs and good working environment in job place. To provide these things to the employees in an economic way is very difficult and cumbersome. But it is also crucial for any organization to retain its talented employees. Every organization wished to have high productivity, fewer turnovers and to be profitable. Managing turnover successfully is a must to achieve the goals. In Bangladesh, it is very important to manage turnover for both government and non-government sectors. In government sectors, although some fringe benefits are given to the employees regularly do not satisfy them sufficiently. In private sectors, though salary and benefits are high but security of job is less. Due to these reasons turnover rate in private sectors is higher than public sectors. Turnover rate also varies from manufacturing to service sectors.

The purpose of this research is therefore, to find out the actual reasons behind turnover and its damaging effects on the productivity of different departments at ETL. Human resource management must cope with the changing world of work. It must be aware of the globalization, technology changes, and workforce diversity. HRM is facing a big challenge in recognizing the reasons behind employee turnover supporting the organization by providing the best workforce for the suitable positions in shortest possible time. It is a big challenge to find the suitable person for the correct position who would last long. The owners of the business organizations do not concentrate on this important issue because of less awareness. They have little idea about how detrimental the effect of

turnover is into the productivity of their organizations. Employee turnover has proven to be one of the costliest and seemingly intractable human resource challenges at ETL. The rate of turnover varies from department to department. Sometimes employee turnover benefits organizations positively. This might happen when a poor performer is replaced by a more skilled employee and when a retired employee replaced by a younger one.

High employee turnover increases the expenses and also has a negative impact on the organization's morale. Employee retention is important for building a productive, healthy and committed workforce. Retention practices help save costs associated with recruitment, business productivity or poor customer service. The objective of the employee retention strategy is to increase the awareness, tools and information available to employers to assist them in employee retention. Retention of a positive and motivated employee is very important for the organization's success.

2. OBJECTIVES OF THE STUDY

Broader objective of the study

- i) To examine the scenario of employee turnover and identify internal and external factors of it.
- ii) To identify viable methods and scopes influencing employee's retention in industry.

Specific Objectives

- i) To determine overall and current scenario of employee turnover.
- ii) To analyze internal and external factors contributes to employee turnover.



- iii) To analyze the role of financial and non-financial motivators in employee retention.
- iv) To examine why the employees, choose to work in an industry and what is the interesting part of their job which support them to stay with the industry.
- v) To determine the employee expectations that would help management improve their present retention strategies.

2.1 Scope of the study

The study could help the industry to know about the present employee conditions. It identifies the factors responsible for employee retention. This study can recognize the people who are valuable in the industry. To identify areas and activities that has greatest potential in retaining employees. Creating an environment where people want to work and have fun, leading to high morale. Doing this research report on a well-known industry like Eastern Tubes Limited (ETL) an enterprise of Bangladesh Steel & Engineering Corporation (BSEC) under Ministry of Industry will be a privilege for me. This may give me the scop to match my theoretical knowledge with the practical one.

2.2 Limitation of the Study

The limitations of this study included the following; the variables affecting turnover are low. The numbers of companies in govt sector are many and widely distributed/located, and thus the study covered only Eastern Tubes Limited (ETL) an enterprise of Bangladesh Steel & Engineering Corporation (BSEC) under Ministry of Industry. Another limitation was in the form of delays from respondents due to covid-19 situations. This was managed through planning, time scheduling, booking and locking appointment with these respondents.

2.3 Hypothesis of the study

In order to understand the objective and the overall conclusion of the study, the following hypothesis has been made. The rate of turnover at Eastern Tubes Limited (ETL) is very low and it does not affect the productivity of the organization that much as it has more employees than necessary.

3. METHODOLOGY OF THE STUDY

The study was designed as a mixed-method research study combining quantitative and qualitative methods. Data were collected from newspaper, published books, journals, research papers, published government laws and internet. This term paper aims to study on organizational employee's turnover influencing factors and identification of retention methods. Data will be collected through structured questionnaire, Industry visit, group discussion, personal interview. Data will collect from Human Resource Division & Management Information System Division of Bangladesh Steel & Engineering Corporation (BSEC) and Eastern Tubes Limited (ETL).

a. Phase- I:

In the first phase theoretical study will be carried out to understand the organizational culture, characteristics, factors associated with employee's turnover, challenges & employee retention policies.

b. Phase- II:

1. With the theoretical understanding some employees will be interviewed with selected questionnaire to know their organizational employee's turnover influencing factors and identification of retention methods. The participants of this survey will be answering some close ended questions. These arranged questions will automatically find out the reason of turnover and ways to remedy this on their job.
2. After collecting their opinions through the questionnaire, some open-ended questions will be asked for own understanding of the surveyor. This will be followed by some formal and informal discussions.

c. Phase-III:

Data Collection Tools and Techniques: (30 minimum sample size)

3.1 Sampling

For the convenience Human Resource Division and Management Information System Division of Bangladesh Steel & Engineering Corporation (BSEC) and Eastern Tubes Limited (ETL) will be chosen.

3.2 Sample Size

The sample size for the study will not be large one. The sample size will be 30 with representation of the management and staff concerned.

3.3 Sampling Scheme

Having fixed up sample extent, sample size and sample units, it will take 05 days to complete the task of collection information.

3.4 Source of Information

Both primary and secondary data will be used to reach a convincing result:

a. Primary Data:

Primary data will be collected through Structured Questionnaire, Personal Interview and group Discussion.

b. Secondary Data:

- Secondary data will be collected from the head of HR division and Management Information System Division of the industry by physical observation and record review.
- Official website of the company.

3.5 Data Processing Method: (Qualitative, Quantitative, Quasi Method)

Collected data will be coded and verified. Moreover, data will be processed by making consistency checking with the help of computer and relevant knowledge on the subject as well as the knowledge and application of statistical tools. Some manual techniques will be applied during the collection of opinion through the questionnaire.

4. LITERATURE REVIEW

4.1 Theoretical Review

The research focused on theories which explain the various factors which influence employee turnover in work place. The study focused on two key theories; the Herzberg two factor



theories and the Maslow’s hierarchy of needs theory which explain many of the reasons behind employee turnover at work place.

4.2 Herzberg two Factor Theory

This theory was designed to better explain the factors that affected employee’s job attitudes and motivation. Herzberg performed studies including interviews, to determine which factors in employee’s work environment caused satisfaction or dissatisfaction. He found that factors causing job satisfaction (motivator factors) were different from those causing dissatisfaction (hygiene factors). Herzberg theory (Loiseau, 2011) argues that there are two distinct human needs influencing employee’s motivation and attitude: Physiological needs that can be fulfilled by money for example to purchase food and shelter; and Psychological need to achieve and grow, only fulfilled by activities that cause one to grow.

Factors determining dissatisfaction include: company policy, supervision, relationship with boss, work condition, salary, and relationship with peers, all of which are external factors while those leading to satisfaction include achievement, recognition, work itself, responsibility, advancement and growth, which are intrinsic factors. Critics of Herzberg theory argue that the two factors are observed because it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors, and that job satisfaction does not necessarily imply a high level of motivation or productivity. The Hertzberg two factors theory was used in this study to explain how motivation factors influence affecting employee’s turnover in the public sector with a focus at Eastern Tubes Limited a project of Bangladesh Steel & Engineering Corporation under Ministry of Industries.

4.3 Maslow Hierarchy of Needs Theory:

Commonly known as the hierarchy of needs, is also a motivational theory, developed under believed that human beings are motivated by needs that are in-born (Saleemi, 2005). Maslow’s theory comprises of five needs: Physiological need

(most basic - air, water, sleep, food), safety needs (stability and consistency), love and need to belong (affiliate) needs, self-esteem needs (confidence/respect) and Self-actualization needs. Theory states that lower needs must be satisfied before one can progresses to the next level of needs. In work place, employee’s needs must be met, especially safety needs and esteem need (recognition, acceptance and reward) failure to which, they will be bound to leave in search of satisfaction (Handelman, 2009). Maslow theory is a motivation theory. It shows how remuneration, career progression, working condition and reward and recognition influence employee turnover. Thus, Maslow theory was used in the study to shed some light on importance of these factors to employees, and how likely they were in influencing employee’s turnover at ETL.

5. RESULT AND DISCUSSION

5.1 Existing Policies in the Organization

Every organization is governed by rules and regulations. Government Organization follow the Public Service Regulations (BSR). As an autonomous body, ETL follows its own regulations and, if not its own regulations in the field, follow the Government Rules (BSR).

Table: 01
Existing policies in the organization

Constitution	30
Training Policy	0
Human Resource Policy	0
Financial Policy	30

Findings: The study shows that there are 30 respondents of the study. All of them have spoken about the Constitution and Human Resource Policy. So, constitution and Human Resource Policy respondent dominate the research and in Eastern Tubes Ltd. all employees obeyed organizations constitution and Human Resource Policy. Mentionable that, all of them agreed that Training Policy & Human Resource Policy are absent there.

Graphical Presentation of the above findings



Figure 1: Existing Policies in the Organization

5.2 Reasons for Joining in this Organization

The government sector has a lot of scope for people who look for stability in a job. Besides, the sector offers multitude of profiles for a person to choose from based on their field of

interest and qualification. One of the main reasons for wanting to work for the government would be job stability. Government jobs are known to provide job security and stability while



allowing one to work for a greater cause that is more or less directly affective in the country their residing in.

Due to the demand of better skilled, experienced and knowledgeable individuals and the fact that most private sectors are offering better salaries, government sectors have

significantly revised their salary scales to match with the current market value for each job role so that they are able to find the correct and best suited candidate from the selection pool. So, no longer does one have to worry about poor or lesser pay in a government job.

Table: 02

Reasons for Joining in this Organization								
Rank	1	2	3	4	5	6	Total No of Data	Weighted Total
Weighted Score	5	4	3	2	1	0		
Good Salary	0	11	11	7	1	0	30	96 (22.17%)
Job Security	30	0	0	0	0	0	30	150 (34.64%)
Nature of work	0	0	8	12	3	7	30	41 (9.47%)
Better future prospect/ career growth	0	19	11	0	0	0	30	98 (22.64%)
Welfare and Fringe Benefits	0	0	0	7	19	4	30	33 (7.62%)
Office Culture & Environment	0	0	0	4	7	19	30	15 (3.46%)
Total	30	30	30	30	30	30	180	433 (100%)

Rank	Reasons for joining in this organization
1	Job Security- 34.64%
2	Better Future Prospect/Career growth - 22.64%
3	Good Salary - 22.17%
4	Nature of Work - 9.47%
5	Welfare and Fringe Benefits- 7.62%
6	Office Culture and Environment- 3.46%

Findings: The study shows that there are 30 respondents of the study. All of them have spoken about Job Security (34.64%). So, Job Security dominate the research. Moreover, better future prospect/career growth (22.64%), good salary (22.17%), nature

of work (9.47%), welfare & fringe benefits (7.62%) and office culture & environment (3.46%) also played important roles in attracting employees.

Graphical Presentation of the above findings

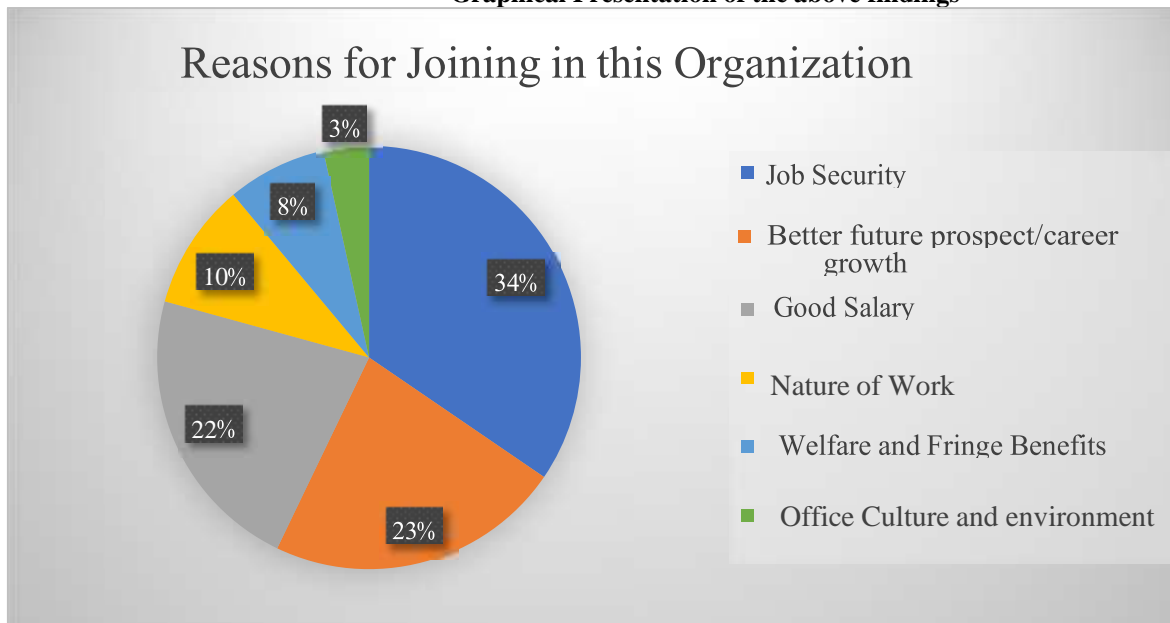


Figure 2: Reasons for Joining in this Organization

5.3 Employee Turnover is High in this Organization

High employee turnover can be both a good and a bad thing. But the impact of high employee turnover goes beyond operational inconveniences. When people constantly leave the

organization, it has an impact on employee morale and productivity and eventually on the company's products and services.

Table: 03

Employee Turnover is High in this organization

Agree	0
Disagree	28
Don't Know	2

Findings: The study shows that there are 30 respondents of the study. Almost all of them think turnover rate of this company is

very low. Though few of them don't about turnover rate, nobody think that the turnover rate is high.

Graphical Presentation of the above findings

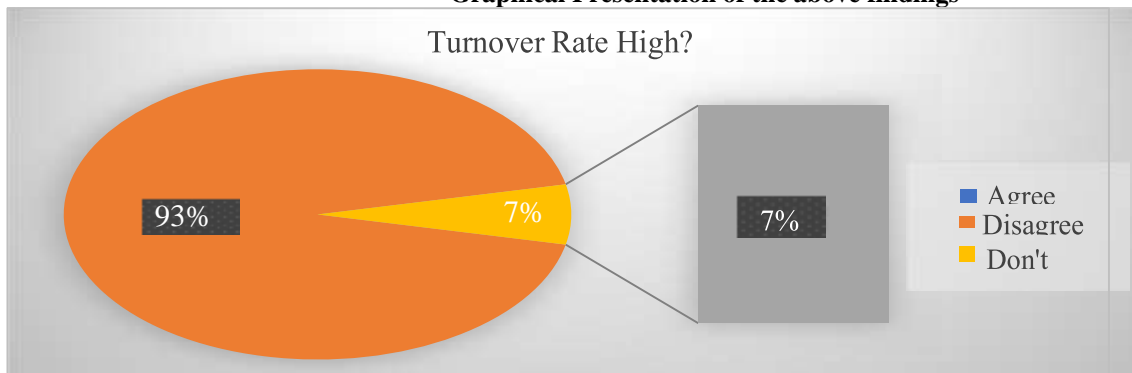


Figure 3: High Employee Turnover

5.4 Factors leading to Employers Turnover

Employee turnover may be defined as the rotation of workers around the labour market; between firms, jobs and occupation; and between the stated of employment and unemployment. Turnover is influenced by many factors that generally come

from two directions: external forces and internal forces. We have a bigger impact focusing on internal forces within the company's control. Certain aspects of employee experience tend to be the biggest drivers of turnover (why employees leave) and retention (why employees stay).

Table: 04

Factors leading to Employers Turnover								Total No of Data	Weighted Score
Rank	1	2	3	4	5	6			
Weighted Score	5	4	3	2	1	0			
Looking for greener pastures with better pay	6	15	1	8	0	0	30	109 (24.50%)	
Poor working environments	0	5	13	0	1	11	30	60 (13.48%)	
Non-participatory decision making	0	0	0	15	15	0	30	45 (10.11%)	
Lack of programs sustainability	0	1	9	1	0	19	30	33 (7.41%)	
Lack of career development	1	9	2	5	13	0	30	65 (14.61%)	
Inadequate job security	23	0	5	1	1	0	30	133 (29.89%)	
Total	30	30	30	30	30	30	180	445 (100%)	

1	Inadequate job security- 29.89%
2	Looking for greener pastures with better pay- 24.50%
3	Lack of career development- 14.61%
4	Poor working environments- 13.48%
5	Non-participatory decision making- 10.11%
6	Lack of programs sustainability- 7.41%

Findings: The study shows that there are 30 respondents of the study. Most of them thinks that inadequate job security leads to higher turnover. So, it supports previous finding in Art. 4.2 which indicates higher no of people joins in this Institution due higher job security. So, job security matters mostly in case of

Turnover. The high job security leads low turnover and low job security leads higher turnover. The study also indicates that looking for greener pastures with better pay (24.50%), lack of career development (14.61), poor working environment (13.48%) also affect turnover rate. Few people think non-

participatory decision making (10.11%), lack of programs sustainability (7.41%) also have role in turnover.

Graphical Presentation of the above findings

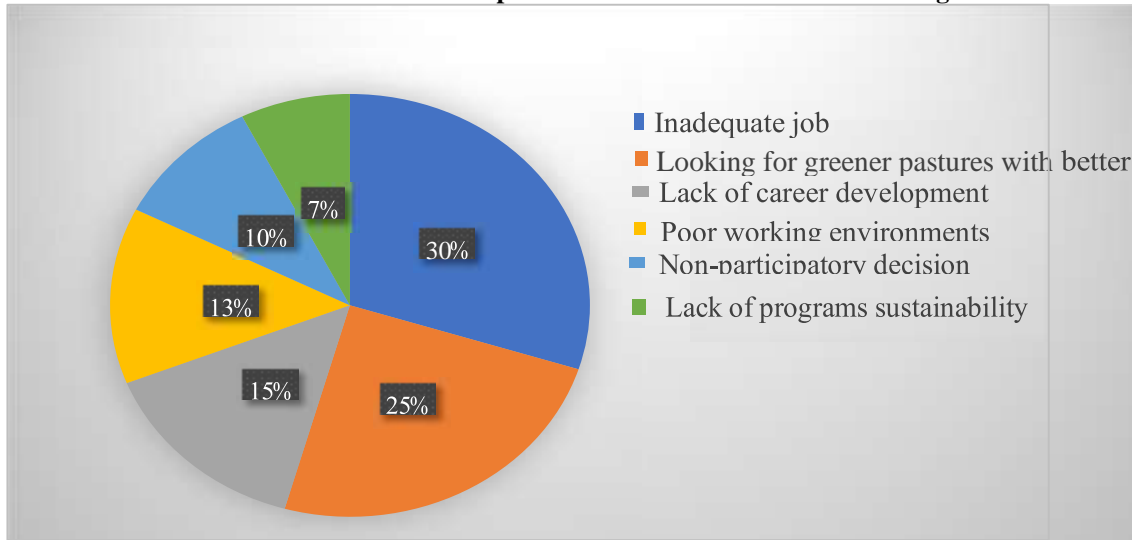


Figure 4: Factors leading to Employees Turnover

5.5 Ways to increase Employers Retention

A critical issue that organizations face is how to retain the employees they want to keep. Companies must anticipate impending shortages of overall talent as well as a shortfall of

employees with the specialized competencies needed to stay ahead of the competition. Employers that systematically manage employee retention—both in good times and in bad—will stand a greater chance of weathering such shortages.

Table: 05 (Three ways to increase employee’s retention)

		Rank		
Develop Job Security	30	1	Develop Job Security-30	
Long Term Growth	21	2	Long Term Growth-21	
Conducive Work Environment	21	3	Conducive Work Environment-21	

Findings: The study shows that there are 30 respondents of the study. All of them think to increase employee’s retention development of Job Security is must. Most of them also think

that long term growth and conducive work environment is also necessary to increase employee’s retention.

Graphical Presentation of the above findings

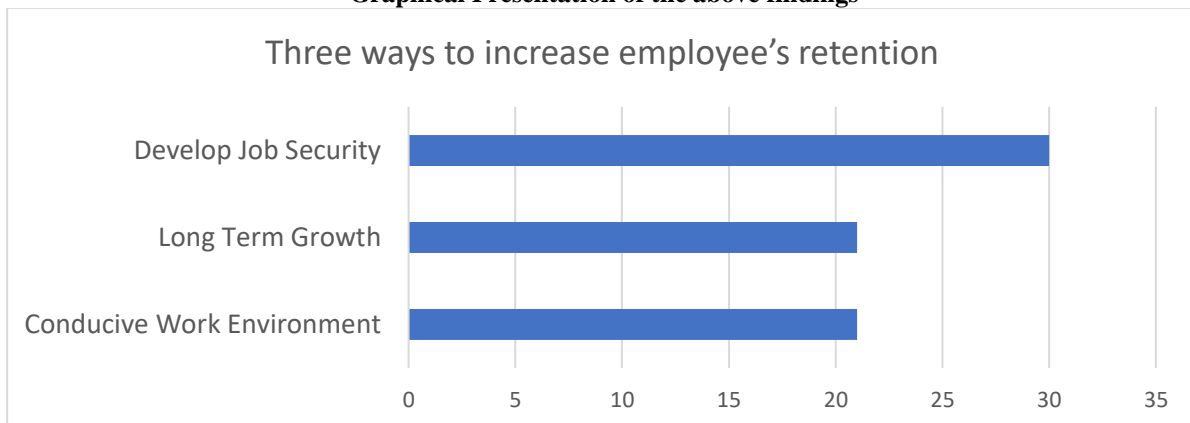


Figure 5: Three ways to increase employee’s retention

5.6 Motivational factors/non-financial rewards expected by the participant to the employer: Highly motivated employees are a critical factor in the long-term success of many organizations. Given this, HR Accountants are becoming increasingly interested in how elements of control systems

affect employee motivation at all organizational levels. Employee empowerment has been advocated by management and accounting researchers as a way to increase employee motivation.



Table: 06
Three motivational factors/non-financial rewards expected by the participant to the employer
 Rank

Transport Facilities	30	Transport Facilities-30
Establishment of day care Centre	15	Establishment of day care Centre-15
Establishment of Common Room	15	Establishment of Common Room-15

Findings: The study shows that there are 30 respondents of the study. All of them think to transport facilities are most motivational factors/non-financial rewards expected by the

participant to the employer. Most of them also think that establishment of day care centre and common room are also necessary to increase employee's retention.

Graphical Presentation of the above findings

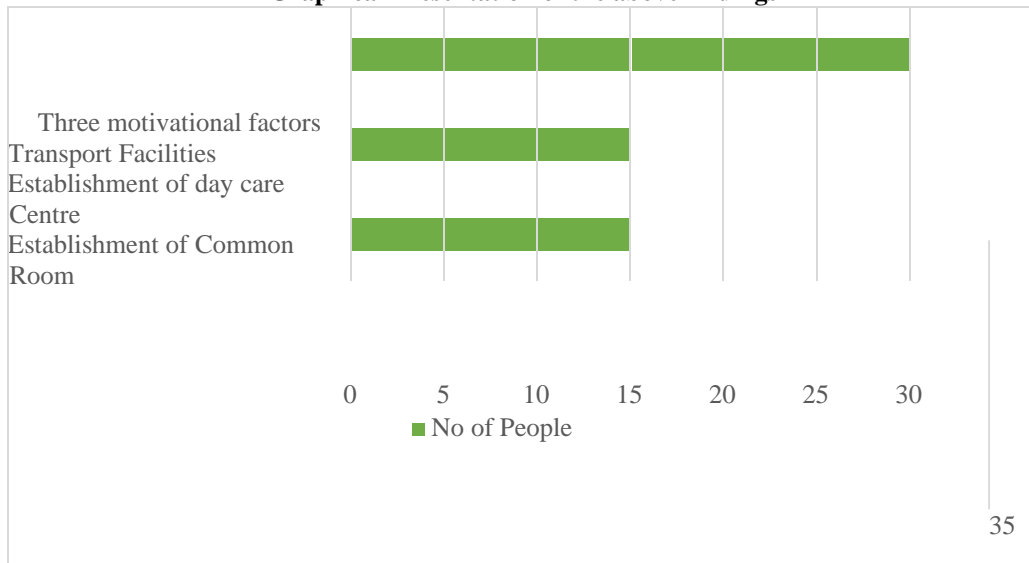


Figure 6: Three motivational factors

5
.7 Most effective factors lead to employee Retention

Managing for employee retention involves strategic actions to keep employees motivated and focused so they elect to remain employed and fully productive for the benefit of the organization. A comprehensive employee retention program can play a vital role in both attracting and retaining key

employees, as well as in reducing turnover and its related costs. All of these contribute to an organization's productivity and overall business performance. It is more efficient to retain a quality employee than to recruit, train and orient a replacement employee of the same quality.

Table: 07

Most effective factors lead to employee Retention										
Rank	1	2	3	4	5	6	7	8	No of Data	Weighted Total
Weighted Score	7	6	5	4	3	2	1	0		
Better Salaries	0	19	11	0	0	0	0	0	30	169 (20.12%)
Better Recruitment Policies	0	0	0	11	0	0	0	19	30	44 (5.24%)
Job Security	30	0	0	0	0	0	0	0	30	210 (25.00%)
Fringe and Welfare benefits	0	0	6	8	16	0	0	0	30	110 (13.09%)
Freedom of expression	0	0	0	0	6	13	11	0	30	55 (6.55%)
Long term Growth	0	11	11	0	8	0	0	0	30	145 (17.26%)
Improved Grievance Mechanism	0	0	0	0	0	11	19	0	30	41 (4.88%)
Adequate and fair Compensations	0	0	2	11	0	6	0	11	30	66 (7.86%)
Total	30	30	30	30	30	30	30	30	240	840 (100%)

Rank	Most effective factors lead to employee retention
1	Job Security-25.00%
2	Better Salaries-20.12%
3	Long term Growth-17.26%
4	Fringe and Welfare benefits-13.09%
5	Adequate and fair Compensations-7.86%
6	Freedom of expression-6.55%
7	Better Recruitment Policies-5.24%
8	Improved Grievance Mechanism-4.88%

Findings: The study shows that there are 30 respondents of the study. Most of them think that adequate job security (25.00%) leads to higher retention rate. So, it supports previous article which indicates higher no of people joins in this Institution due higher job security. So, job security matters mostly in case of employee’s retention. The study also indicates that better

salaries (20.12%), long term growth (17.26%), fringe and welfare benefits (13.09%) also lead employee’s retention. Few people think freedom of expression (6.55%), better recruitment policies (5.24%), improved grievance mechanism (4.88%) also have role in employee’s retention.

Graphical Presentation of the above findings:

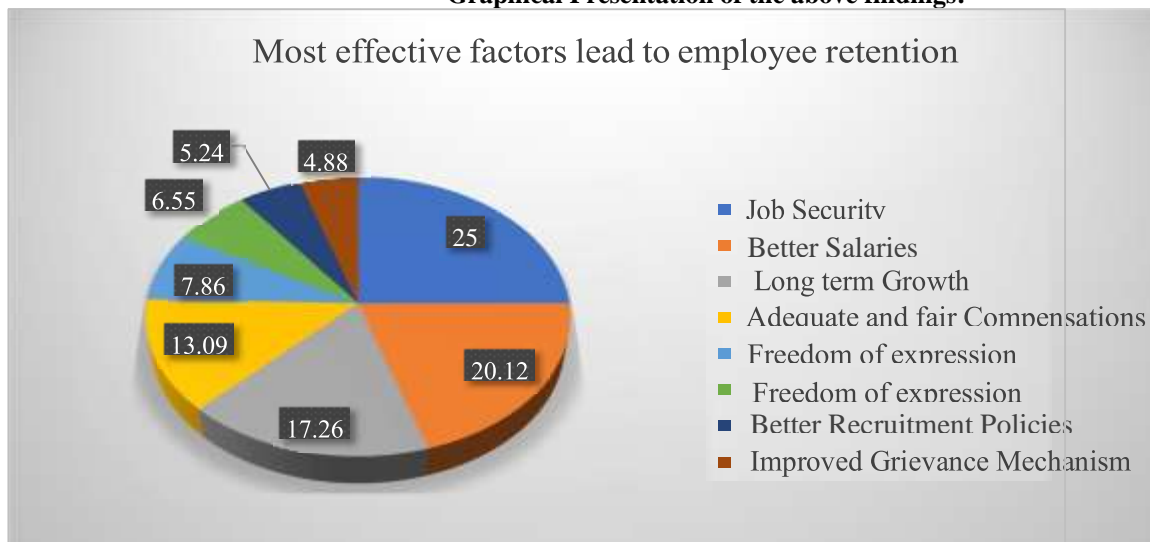


Figure 7: Most effective factors lead to employee Retention

Measurement of Turnover at ETL (Last Three Years)

Calculation for Turnover Rate (2020)	
Number of Separations	0
Number of Employees on Start Date-01.01.2020	133
Number of Employees on End Date-31.12.2020	133
Turnover Rate	$= (B2 / ((B3+B4)/2)) * 100$ $= (0 / ((133+133)/2)) * 100$ $= 0\%$

Calculation for Turnover Rate (2019)	
Number of Separations	0
Number of Employees on Start Date-01.01.2019	133
Number of Employees on End Date-31.12.2019	133



Turnover Rate	$= (B2 / ((B3+B4)/2)) * 100$ $= (0 / ((133+133)/2)) * 100$ $= 0\%$
Calculation for Turnover Rate (2018)	
Number of Separations	1
Number of Employees on Start Date-01.01.2018	134
Number of Employees on End Date-31.12.2018	133
Turnover Rate	$= (B2 / ((B3+B4)/2)) * 100$ $= (1 / ((134+133)/2)) * 100$ $= (1 / (267/2)) * 100$ $= (1 / 133.5) * 100$ $= .0075 * 100$ $= 0.75\%$

SUMMARY OF THE FINDINGS

The study suggests that turnover in ETL during last three years are 0%, 0%, 0.75% which indicates very low rate. Job security, better salaries, long terms growth, Fringe & Welfare benefits may be the reason for higher rate of retention. This higher rate of retention is helping sustainable development of this Organization. Though there is scope of development in Working environment, HR Policy, Employee facilities. But the overall condition of employee is satisfactory which leads to higher employee retention. Maintaining that environment of low turnover may help in sustaining the development of the Organization.

6. CONCLUSION

Turnover is a burning issue for any organization. For the steady productivity of an organization, it is essential to maintain its skilled workforce. Due to job security, retention rate is very low in this organization. According to the theoretical discussion, many solutions to reduce turnover like job security, better salaries, long terms growth, Fringe & Welfare benefits has already been suggested. Productivity of an organization depends on the skills or expertise of its workforce. A skilled worker may be an asset for any organization. If a skilled person leaves an organization the effect will be less. As a result, a vacant place of a skilled employee may be filled by another new worker but production falls due to their difference. On the other hand, five or six semiskilled or unskilled employees may be left the organizations but those empty positions can be filled by one or two skilled employees. It is, therefore, crucial to maintain a constant workforce particularly for skilled ones in an organization to reduce turnover for the betterment of the organization.

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