

The Relationship between Organizational Factors and Voluntary Turnover in an Automobile Industry

Rabiah Abdul Wahab

Faculty of Business Management, Universiti Teknologi MARA, Shah Alam, 40450, Selangor, Malaysia
E-mail: wahabr@yahoo.com

Noor Faizah Mohd Lajin

Faculty of Business Management, Universiti Teknologi MARA, Shah Alam, 40450, Selangor, Malaysia
E-mail: noorfaizahml@salam.uitm.edu.my

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Abstract: The purpose of this paper is to examine the relationship between organizational factors with the voluntary turnover. A total of 100 workers in the automobile sector were selected as the respondents in answering the questionnaires. The opinion from those people about the factors of voluntary turnover is readily accessible. The result of the study indicates that there are significant relationship between job responsibilities, compensation and benefit, supervision as well as peer relationship with voluntary job turnover. This study concludes that, organizational factors may influence the voluntary turnover as the automobile industry is faced with high rate of voluntary turnover and most of the employees agreed that the factors above contribute to the turnover problems. It can be implied that voluntary turnover should be reduced in order to maintain the image and profit of the company. Future work suggests that the company must take action to solve this issue and in order to retain current employees.

Keywords: voluntary turnover, job responsibilities, compensation; benefit, supervision; peers relationship.

1. Introduction

This research intends to study on the relationship between the organizational factors and employees turnover. This is so as high employee turnover rate could prove to be costly to the organizations. A study by Kwong et al. (2012) reported that organizational context could significantly influence this relationship due to its differing impact on voluntary turnover's organizational costs (Kwong et al, 2012). In fact, the reasons why employees leave their jobs are lack of managerial support, job content and high levels of work-related stress (Scott et al., 2012). In many organizations, low turnover in the company is seen as an asset in the competitive war.

The reason so much attention has been paid to the issue is probably because turnover has some significant negative effects on organization (Demichco and Giridharan, 1987; Cantrell and Sarabakhsh, 1991; Denvir and McMahon, 1992). Most of the effects that can be seen in organizations that are faced with employee turnover are regarding the cost that companies need to put up with. Organizations need to uphold many costs when dealing with the increase in number of employees who leave the organization. According to Hogan (1992), nearly 10 years ago the direct and indirect cost of a single line employees quitting was between US\$1,400 and \$4,000. The cost went up considerably for a managerial employee to between US\$17,000 and US\$2,000. Traditional, labour turnover has been seen to be either voluntary (the volition of the employees) or involuntary (McBey and Karakaowsky, 2000; Morell et al, 2001). Voluntary turnover includes push factors such as staff being attracted to another job by incentives. It seemed that voluntary turnover would be explained by different determinants than involuntary turnover such as job responsibilities, compensation and benefit, supervision and peers relationship. The objectives of this study are to investigate the organizational factors that influence the voluntary turnover, to identify whether job responsibilities will influence the voluntary turnover, to discover whether compensation and benefit will influence the voluntary turnover, to determine whether supervision will influence the voluntary turnover and to investigate whether peers relationship will influence the voluntary turnover.

2. Research methodology

Questionnaires were distributed among respondents and the opinion from the respondents is easily obtained. The researchers acquired the respondents' answers on the spot without delay and it shows that the researchers know what

exactly happen regarding the turnover issues by using this data. Secondary data is defined as the data that has been transcribed or compiled from original

This research has come out with 2,551 number of population. The populations are the employees in automobile industries. The sample size is 100 respondents which are about 3.92% of the population that come from various demographics factors and departments in the automobile industries. The respondents were chosen randomly as the researchers used Simple Random Sampling method in this study. In addition, correlation types of investigation were used in this study as to see whether the variables are correlated to each other. This investigation is done to determine the correlation between organizational factors with the voluntary employee's turnover. The research instruments used are questionnaire design and structure of questionnaires.

3. Findings and discussion

The research corresponds to the frequency distribution on respondents' gender. From the total of 100 respondents that have been selected, majority of the participants who responded to the questionnaires were female with 54.0% compared to male with only 46.0%.

According to Sekaran (2003), the reliability of a measure indicates the extent to which it is without bias (error free) and hence ensures consistent measurement across time and across the various items in the instrument. In other words, the reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the "goodness" of a measure no matter when it is done. In this research, the parallel form of reliability has been used due to the questionnaires have similar items of the past research but it has been change in term of wording and order of the questions. The researcher has done a pilot test on this analysis which means only 10% of the respondents (10 questionnaires) data were used to analyze its reliability. According to Sekaran (2003), the scales to measure the reliability are as below:

Reliabilities less than 0.60 are considered. In addition, those over 0.80 are good.

For independent variables, the reliability statistics for 16 items is 0.951. Thus, the internal consistency for the independent variables of this study can be considered good. For the first independent variable which is job responsibilities, the reliability statistics for 4 items under this variable is 0.645. Thus, the internal consistency for this independent variable can be considered as acceptable. For compensation and benefit, the reliability statistics for 4 items is 0.932. It means that for this independent variable, the internal consistency for this independent variable can be considered good. For supervision, the reliability statistics for 4 items is 0.851. It means that for the third independent variable, the internal consistency for this independent variable can be considered as good. For the final independent variable which is peer relationship, the reliability statistics for 4 items is 0.901. It means that for this independent variable, the internal consistency can be considered good.

According to Uma Sekaran (2003), descriptive statistics such as maximum, minimum, means, standard deviations, and variance were obtained for the interval-scaled independent and dependent variables. Therefore, for job responsibilities, the scale for this mean is based on a five point scale. The mean for "high degree of job commitment will lead to employee turnover" is (4.14 on a 5 point scale), followed by "stress in workplace lead to high turnover rate in many companies" with 4.19, "employees who are unable to balance between family and work may involve in turnover" with 4.15, and "working longer hours tend to make individual leaves the organization" with 3.73. The total mean for job responsibilities is 4.053. Based on the result, it can be assumed that respondents have agreed that job responsibilities influence the voluntary turnover.

While for compensation and benefit, the mean for "employees who received inappropriate compensation will leave the organization" is (4.16 on a 5 point scale), followed by, "the compensation paid which does not commensurate to the responsibilities shouldered will make employees leave the organization", with 4.21, "unattractive benefit packages may lead to turnover problems", with 4.43, and "poor compensation and benefit lead to high turnover rate in the organization" with 4.38. The total mean for compensation and benefit is 4.295. Based on the result, it can be assumed that respondents have agreed that compensation and benefit influence the voluntary turnover.

For supervision, the mean is "poor relationship with supervisor will make employees have intention to leave the organization" is (4.24 on a 5 point scale), followed by "minimum participation in decision making tends to make one feels worse about oneself", with 4.08, "without supervisor's assistance employees will have intention to leave the organization" with 4.11 and "employees will leave the organization that have ineffective management skill" with 4.34. The total mean for supervision is 4.193. Based on the result, it can be assumed that respondents have agreed that supervision influence the voluntary turnover.

In peer relationship, the mean for ineffective and unreliable interdepartmental communication will make employees leave the organization is (4.22 on 5 point Likert scale), followed by "unpleasant working relationship may influence the employees to leave the organization" with 4.24, less cooperation among peers in workplace lead to high turnover rate, with 4.10, and "conflict between colleagues will make employees have intention to leave the organization" with 4.02. The total mean for peer relationship is 4.145. Based on the result, it can be assumed that respondents have agreed that peer relationship influence the voluntary turnover.

4. Concluding remarks

This study examines the relationship between organizational factors and voluntary turnover in automobile industries. Voluntary turnover can be influenced through job responsibilities, compensation and benefit, supervision and peer relationship. This research encompassed on some demographic information (i.e. gender, age, marital status, education level, position level, and monthly income). In general, the factors (job responsibilities, compensation and benefit, supervision and peer relationship) contribute to the voluntary turnover. The implication is that voluntary turnover factors needs to be determined by the organizations. It seems to be important because it may give negative effect to the organization. Meanwhile, the recommendation for the research is that the company need to develop a career ladder for all employees within the department; training and continuing education should be done to improve the knowledge and skill of the employees, company should review the compensation and benefit packages of employees and employer should improve the work environment.

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