

## A STUDY ON EMPLOYEE TURNOVER RATE IN PRIVATE UNIVERSITIES AND COLLEGES IN INDORE DISTRICT

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### Abstract:

The present study is conducted to understand the employee turnover rate amongst employees in private universities and colleges of repute in Indore district. The impact of turnover has received a considerable attention. The researcher believes that frequent turnover of employees leave wrong impact on their stakeholders, students and brand value. Competitive salary and perks, flexible working hours and an employee-friendly work-environment are considered to be some of the key factors of employee retention. In spite of availability of these key benefits at most of the educational institutes, the turnover of academic employees have emerged as a great challenge often confronted by the college management which needs to be taken care of on a serious note. The study investigates the actual reasons behind the aforesaid issue, its negative effects and possible recommendations. The researcher has administered a questionnaire with both close-ended and open-ended nature and carry out a personal interaction with the subject for study. Secondary data was used to find out the established factors. The data received was analyzed, conclusions were drawn, and recommendations were made on the basis of that. It is believed that the implementation of recommendations will ultimately turn into satisfactory retention level of talented teachers, establishing the need for career growth, ensuring employee satisfaction, increase productivity, and reduce the challenges of managerial concern.

Keywords- Turnover, Employee Retention, Productivity, Employee Satisfaction

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### Conceptual Framework

In literature, the issue of employee turnover has been given a great deal of attention. This is not surprising because of its implications on productivity, cost of production, employees' performance as well as organizational profitability (Edwin, Micah and John, 2015). However, despite these many studies, and the severe effect that employees' turnover pose on productivity, efficiency and job performance of a business organization, very little or no study has been directed towards examining the causes, implications and possible remedies among the academic employees of Nigeria private universities. The present study found it imperative to bridge this gap in literature. High turnover rate has always strong undesirable consequences including lost return on previous investment, disruption of research and teaching program, discontinuity of student mentoring, the monetary costs of recruiting a replacement, and the time of other faculty diverted in the hiring process. High turnover rate has always strong undesirable consequences including lost return on previous investment, disruption of research and teaching program, discontinuity of student mentoring, the monetary costs of recruiting a replacement, and the time of other faculty diverted in the hiring process test of time in a highly competitive

environment, the issue of employees' turnover must be addressed. Although, it may not be feasible for any organization to totally eliminate employees' turnover due to several reasons.

The field of education is an area which associates with it students, parents, employees and school management. The profession of a teacher is a noble profession which has the responsibility to build the future of a nation. The turnover of employees is different from turnover in industrial sectors in the sense that in industries, there is usually no emotional bonding among them. Turnover of employees in an educational institution badly affects the teaching learning process. The efforts of management to train its employees go in vain. Besides it creates a problematic situation before all its stakeholders, students and brand value. Different scholars have come up with varied opinions about it. Haycock (1998, 2000) opines, "Employee turnover is receiving increased attention in education research and policy. The focus of this attention associates the turnover problem with the shortage of high quality employees in low-achieving schools, suggesting that teacher turnover—due to employees either quitting the profession or transferring to a higher performing school—leaves low-achieving schools with the least qualified teachers." Another opinion published in Quality Counts (2003) is also in the same line where it is acknowledged that teacher turnover contributes to the teacher gap—the "dearth of well-qualified employees for those who need them most." The problem is so common, still so burning that anyone and everyone can be seen discussing about it and its after effects. Guin and Ingersoll (2004, 2001) states, "Surprisingly little research has assessed the causal effect of teacher turnover on student achievement." Teachers' turnover in between the session definitely affects students' achievement. High rate of teacher turnover causes disruption of curricular cohesiveness too. Researches in the field have shown that there are varieties of reasons for turnover of employees ranging from their personal issues to professional expectations. In general, employees and especially female employees have to face situations like pregnancy, the demands of child rearing, and health problems, etc. which can be considered to be key reasons for leaving the profession. Among the professional reasons for turnover of employees are job dissatisfaction, poor salary, poor administrative support, etc. It is worth quoting Hanushek and Lague (2000) here who argue, "While clearly important, teachers' salaries are not all that matter they show that teacher preferences across a range of job and school conditions may be just as important as salary in the retention decision." They further say, "Employees might be willing to take lower salaries in exchange for better working conditions".

### **Review of Literature**

Armstrong (2012) defined employee's turnover as the proportion of employees that leave an organization during a given time period. It is the voluntary and involuntary withdrawal of employees from the employment of an organization. It is the rotation of workers around the labour market and between firms, jobs and occupations (Abassi and Hollman, 2000). According to Chew (2004), it is the discontinuance of membership in an organization by the person who received monetary compensation from the organization. It can also be seen as the measure of the extent to which old employees leave an organization and new ones enter the service.

Armstrong (2012) classified employee turnover into two: voluntary turnover which occurs when an employee decides to end his/her relationship with the employer for personal or professional reasons (Kazi and Zedah, 2011), and involuntary turnover which is a movement across the membership boundary of an organization, which is not initiated by the employee (Bula, 2012). In most cases, the decision to leave an organization is associated with being dissatisfied with current job and also having attractive offers from other organizations. Involuntary turnover is initiated by the organization and it occurs when the organization or employer requires employees to leave, when in the actual sense, the employees would prefer to stay. It also occurs when the employer decides to terminate the employment of a worker due to economic reasons or a poor fit between the employee and the organization (Edwin, Micah and John, 2015). The cost of employee turnover has become an issue in recent times because of its drain of operating profit of organizations (Paluku, 2016).

Satisfaction refers to the contentment experienced when a want or need is satisfied or a goal is achieved. It is the overall positive feelings people have about a university, whether as an employee, customer, parents or regulator. Job satisfaction is a pleasant feeling resulting from the perception that one's job fulfils or allows for the fulfillment of one's important job values (Edwin, Micah and John, 2015). In the actual sense, employees exhibit this attitude when their work matches their needs and interests, when working conditions and rewards such as pay are satisfactory, when they like their co-workers, and when they have positive relationship with their supervisors (Ally, 2011). Every private university must strive to have satisfied and committed academic employees in order to be productive and profitable.

Employee performance relates to the outcome of education; the extent to which a student and lecturer or institution has achieved their educational goals (Ally, 2011). Performance in relation to university education is the extent to which a student, teacher or institution has achieved his short or long-term educational goals. It is the knowledge and skills that students have mastered in a subject or a course. It is basically a measure of how well students have performed in the various assessment items set for them based on some educational criteria determined by professional educators.

### **Research Methodology**

The researcher has taken employees of some of Private universities and colleges of repute in Indore district on random selection basis in order to know the reasons behind turnover. The researcher, during the interaction with employees, observed that majority of them were not motivated and enthusiastic towards their job and duties. The problem under consideration was to explore the reasons behind their indifference towards their duties and leaving the organization. The researcher also tried to know about their expectations from the university management which were not being fulfilled and ultimately resulting in their demonization. The researcher believes that frequent turnover of employees leave wrong impact on their stakeholders, students and brand value. Competitive salary and perks, flexible working hours and an employee-friendly work-environment are considered to be some of the key factors of employee retention.

In addition to these the researcher also wanted to know (1) main reasons behind the employees' frequent turnover, (2) the importance of extrinsic and intrinsic motivation in order to decrease

employees turnover, and (3) if employee-friendly work-environment works to manage turnover.

**Objective of the study**

The study is carried out with the following objectives:

- To explore reason behind frequent teachers’ turnover.
- To explore and find out techniques for employee retention

The present research is an attempt to explore the effects of employee’s turnover on their stakeholders in private universities in Indore district. The data were collected with the help of the questionnaire which consisted of three parts (1) Biographical information of the teachers, (2) Close ended questions with 5 scales ranging from strongly agree to strongly disagree ranked in terms of 1,2,3..., and (3) Open ended question(s) so that the respondents’ opinions related to turnover of employees in schools can be collected.

**Data Interpretation**

Interpretation of data took place at three levels – literary interpretation tabular presentation, and graphical presentation. ‘Age group’ is taken first criterion to see the impact of turnover in schools. Table 1 shares the information related to the age group of respondents. A major part 63.33% of respondents in this study was under 30 years of age. It is believed that people of this age group are usually more ambitious towards their job and responsibilities. 16.66% out of them were in the age group of 31-40, 13.33% were in the age group of 41-50 and it was surprising to see that only (6.66%) respondents were above 50.

Table 1. Age related information

Age group (in years)	Percentage
Below 30	63.33
31-40	16.66
41-50	13.33
Above 50	6.66

Gender is a key factor responsible for teachers’ turnover as in comparison to male teachers; female employees have more responsibilities towards their families e.g., child upbringing, managing household activities and many more. So, the second criterion under consideration is gender. 60% respondents taken for this study are male and the rest 40% are female. Whether a myth or a reality, it is believed that married employees are responsible, free from deviations and distractions, and always remain focused towards new job opportunities (good increment, extra perks etc). While analyzing the data, it was seen that maximum 73.33% were married and

only 26.66% were single. Married employees (male and female both) are having enough responsibilities in the comparison to single teachers.

Table 2. Gender related information

Gender	Percentage
Male	60
Female	40

Table 3. Marital status Information

Marital Status	Percentage
Single	26.66
Married	73.33

Work experience makes one more employable. It opens new opportunities. It helps an employee build useful skills for career growth. The researcher wanted to see if the employees working with these organization are experienced or not. Special care was taken of their experience at their present workplace. It was observed that maximum (33.33%) respondents were having 2-3 years work experience. The second highest number was (30%) with less than 1 year at their present workplace. (20%) of them with 4-5 years of experience at the present school, and the least percentage was (16.66%) only of those with more than 5 years of experience in the current organization.

Table 5. Work Experience of Respondents in the Current Position

No. of working years at current position	Percentage
Less than 1 years	30
2-3 years	33.33
4-5 years	20
More than 5 years	16.66

Analysis of open-ended questions

This study also employed a survey research design. Survey research design seeks to find answers to questions through the analysis of variable relationship (Best and Kahn, 1998). Primary data were obtained from the respondents from two selected private universities in Indore through the administration of a well structured questionnaire. A total of 120 copies of questionnaire were administered on the respondents from the two selected private universities in Indore in equal proportion.

The logistic regression model was used to test the hypotheses set for the study. Statistically, the logistic regression model was represented by the following equations:

$$\ln\{ \text{prob}(\text{turnover}) / 1-\text{prob}(\text{turnover}) \} = \beta_0 + \beta_1 \text{Job Dissatisfaction} + \beta_2 \text{selection policies} + \beta_3 \text{job security} + \beta_4 \text{carrer progression}$$

Where;  $\ln\{ \text{prob}(\text{turnover}) / 1-\text{prob}(\text{turnover}) \}$  is called a logit and defined as the log of the odds that academic employees will leave a particular private university to the other.  $\beta_0, \beta_1, \beta_2, \beta_3$  and  $\beta_4$ , denote the coefficients of the logistic regression model. They measure how much the legit changes based on the values of the predictor variables associated to these coefficients. Therefore, the hypotheses stated in the study were equivalently stated mathematically below  $H_01: \beta_1 = 0$  vs  $\beta_1 \neq 0$ ;  $H_02: \beta_2 = 0$  vs  $\beta_2 \neq 0$ .

The Logistic Regression to Test the Hypotheses

Predictor Variable	Parameter Estimate	Standard Error	P-Value
Intercept	1.424	0.209	0.0001
Job Dissatisfaction (JD)	-0.173	0.0545	0.0020
Selection Policies (SP)	-0.232	0.06	0.0001
Job Security (JS)	-0.109	0.062	0.0081
Career Progression (CP)	0.009	0.0545	0.00851

Significant at 0.05 levels

The logistic regression model is:  $\ln = \beta_0 + \beta_1 \text{Job Dissatisfaction} + \beta_2 \text{selection policies} + \beta_3 \text{job security} + \beta_4 \text{Career progression}$   
 $\ln = \beta_0 + \beta_1 \text{JD} + \beta_2 \text{SP} + \beta_3 \text{JS} + \beta_4 \text{CP}$   
 $\ln = 0.0001 + 0.002\beta_1 + 0.0001\beta_2 + 0.0086\beta_3 + 0.0082\beta_4$

The p-value of the logistic regression model for the relationship between job dissatisfaction and employees' turnover gave 0.002. This was less than the significance value (0.05). Hence, it was concluded that job dissatisfaction has statistical significant effect on the turnover intentions of academic employees in private universities of Indore. The finding was supported by Abassi and Hollman, 2000 that if there is considerable job dissatisfaction, there is likely to be high employee intentions to leave the employment of such organization. However, the study failed to agree with the assertion by Beam (2009) that there is no significant relationship between job dissatisfaction and employee turnover intention and that dissatisfied employees sometimes never leave the organization. The logit regression for the relationship between

selection policies and employees' turnover was 0.0001. This was less than the significance level (0.05). It was concluded therefore, that selection policies significantly affect the turnover intentions of academic employees in the selected private universities. The result of the logistic regression for the effect of job security on the turnover intentions of academic employees showed that the p-value for job security (0.0086) was less than the significance level (0.05). Hence, the null hypothesis was rejected while the alternative hypothesis that job security has significantly impacted academic employees to leave their jobs for another was sustained. The p-value of the logistic regression model for the relationship between career progression and turnover intentions of employees was 0.0082. This was less than the significance value (0.05). The null hypothesis that there is no significant relationship between career progression and employees' turnover was rejected. It was concluded that career progression has statistical significant effect on the turnover intentions of academic employees in private universities of Indore

### **Results and discussion**

Employees' frequent turnover is among the biggest challenge faced by any management. Behind inadequate performance of colleges, its academicians' turnover can be considered to be the pivotal reason. Employees are the backbone of the college or university specially skilled and trained academicians. The frequent turnover of employees makes management system haphazard. The management spends lots of money in order to advertise the vacant positions. They invest their energy in mentoring and training new recruits. All this can be utilized in proper direction if the following things are taken care of:

### **Finding and Suggestions**

The analysis suggests that lack of competitive salary and perks is one of the major reasons behind employees' turnover in colleges and private universities. It is suggested that the institute management should provide perks and incentives to deserving employees time to time. It will make them feel motivated. This motivation may result in better performance of employees. Employees below 30 years of age are more energetic and ambitious towards their job. They can be provided with proper training for a better productivity and outcome. Besides, the management intrinsic motivation can also be given to the employees such as appreciation, promotion and participation which will decrease turnover of employees as they will get motivated. It is hoped that implementation of these suggestion may help the employees in education institute get more equipped and skilled and at the same time teachers' turnover can be checked to a great extent.

Based on the findings, the study recommends that proprietors of private universities in Indore should discourage dissatisfaction as much as possible by investing in their employees through adequate rewards and attractive remuneration packages. It also recommends that employers should perfect their selection process by adopting a proper method of selection of employees. It is also recommended that there should be career development opportunities for growth and promotion within the university. Employees are ready to stay longer with an employer who can make available to them opportunities to be promoted to higher and more challenging positions.

The study recommends further that training and development which provide employees with specific skills to perform better should also be encouraged among the academic employees of these private universities.

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