



## STUDY OF TURNOVER INTENTIONS AMONG THE EMPLOYEES OF STOCK BROKING COMPANIES THROUGH STRUCTURAL EQUATION MODELING IN BENGALURU CITY

### Management

**Mr. Devananda H M** Assistant Professor, Department of MBA, AIT, Chikkamagaluru, Karnataka, India.

**Dr. K. V. Giridhar** Assistant Professor, Sahyadri Commerce and Management College, Kuvempu University, Shivamogga.

### ABSTRACT

In the age of globalization, turnover is a continual problem in organizations and it is common in every type and size of organization and at every organizational level. Theoretically, the organization's performances and productivities of many organizations are impacted by the Turnover Intention. This study has been carried out in stock broking companies which are operating in Bengaluru City. The focus of this study is on five independent variables namely job satisfaction, organizational commitment, perceived alternative job opportunities, work life conflict, and work stress that are thought to be associated with turnover intentions. The findings revealed that job satisfaction and organizational commitment has negative effect on turnover intentions, whereas perceived alternative job opportunities, work life conflict, and work stress had significant positive effect on turnover intentions. The study revealed that, healthy working environment, nurturing employee loyalty, organizational inspiration and effective lead retention strategies, as the key drivers against turnover intentions.

### KEYWORDS

Turnover intention, Job satisfaction, Work Life Conflict, Work stress.

#### 1. Introduction

In the organization the Human Resources are the life blood of life. It is difficult for the organization to compete in the current era of competition without the loyal and competent Human Resource. The loyal employees are the most productive and a source for the development of the organization and vice versa. The high turnover of employees in the organization increases the cost of hiring new workforce and decrease the productivity. An organization can gain the competitive advantage due to retaining of qualified, productive and loyal work force.

Employees voluntarily leave organizations for a variety of reasons, including low satisfaction with their jobs, low satisfaction with their employer, limited promotion and growth opportunities, a better opportunity elsewhere, or disapproval of organizational changes or restructuring. On the other side, turnover intention may be defined as the intention of employees to quit the organization. Turnover intent is the probability that an individual will change his or her job within a certain time period and thus it leads to actual turnover. It is the individual's intention to voluntarily quit the organization or the profession.

The measurement of Turnover Intention can determine the likelihood of the staff leaving the organization. This helps to determine how one can find opportunities to reduce the overall turnover intention as a complex phenomenon that depends on various factors.

#### 2. Stock Broking

A brokerage firm, or simply brokerage, is a financial institution that facilitates the buying and selling of financial securities between a buyer and a seller. Brokerage firms serve a clientele of investors who trade public stocks and other securities, usually through the firm's agent stockbrokers. A traditional, or "full service," brokerage firm usually undertakes more than simply carrying out a stock or bond trade. The staff of this type of brokerage firm is entrusted with the responsibility of researching the markets to provide appropriate recommendations, and in doing so they direct the actions of pension fund managers and portfolio managers alike. Traditional brokerage firms have also become a source of up-to-date stock prices and quotes. Brokers are categorized into type's full service or discount broker and online trading or Offline/Phone trading.

#### 3. Review of Literature

*Igbaria M, and Greenhaus J H (1992)*; in their article entitled "*Determinants of MIS employees' turnover intentions: a structural equation model*", identified the three major forms of WFC: time-based, strain-based and behavior-based work-family conflict. It was also found that the interface of work and family produces stress and strains for employees. [1]

*Prodromos D. Chatzoglou et al., (2011)*, in their research article

entitled "*Factors Affecting Accountants' Job Satisfaction and Turnover Intentions: A Structural Equation Model*", suggested that job satisfaction can be enhanced not only by providing a satisfactory salary, promotion opportunities or having good relations with one's co-workers, which constitute some of the constructs facets, but, also, through strengthening the variables that are related to it. Job satisfaction leads to improvement in the commitment level of employees thus reducing the turnover intentions. [2]

*Gerry Treuren (2013)*, in this research thesis entitled "*The relationship between perceived job alternatives, employee attitudes and leaving intention*" concluded that, employee intention to leave is positively correlated with perceived job alternatives. Employees who want to leave but are not optimistic about their chances rate their employee attitudes at the same level as those who also want to leave but are more optimistic about their chances. [3]

*R. Raman, S. Vijayakumar Bharathi, V. Sesha and Shaji Joseph(2013)*, their article entitled "*Use of Structural Equation Modeling to Empirically Study the Turnover Intentions of Information Technology Professionals in Pune City*", observed that, Organizations need to enable a healthy working environment in which employees are able to balance their time judiciously for both personal and professional roles. Organization need to also nurture the loyalty of employees and continue to inspire through leadership and culture in bringing out the best from every employee and sustain such efforts by constant recognition and growth avenues. [4]

The review of the literature on turnover intention revealed that, organizations are still finding strategies to retain good workforce, and understand the turnover intentions of employees. Therefore, a compressive study is important to fill the vacuum in the literature concerning the role of various factors that influence turnover intentions of employees of the stock broking companies in a non-western context.

#### 4. Statement of the Problems

The Voluntary attrition rate of Indian financial services sector in 2015 was 18.7%, which increased to 18.9% in the year 2016 and is expected to increase in the ensuing years which is alarming to financial services sector across the nation. Thus, there is a need for a comprehensive study on factors influencing turnover intention among employees of financial services sector which is facing high levels of employee turnover. The study may help functional managers in understanding certain key personal and professional factors that can trigger turnover intentions.

#### 5. Objectives of the Study

To identify factors that influence turnover intentions of employees of stock broking companies in Bengaluru City. To understand the relationship between influencing factors and turnover intention of

employees of stock broking companies in Bengaluru City using structural equation modeling. To investigate the mediating effect of job satisfaction on turnover intention.

**6. Scope of the Study**

This study was confined to employees of stock broking companies in Bengaluru City. The study is confined to investigate the influence of factors such as organizational commitment job satisfaction, conflict between work life and the family life, work stress, and perceived alternative job opportunities on the turnover intentions.

**7. Research Hypotheses**

The following hypotheses are formed based on the objectives of the study which are mentioned as below:

**H<sub>1</sub>:** Work-family conflict has a significant positive influence on turnover intentions.

**H<sub>2</sub>:** Work stress has a significant positive influence on turnover intentions.

**H<sub>3</sub>:** Job satisfaction significant negative influence on turnover intentions.

**H<sub>4</sub>:** Organizational commitment significant negative influence on turnover intentions.

**H<sub>5</sub>:** Perceived alternative Job opportunities have a significant positive influence on turnover intentions.

**H<sub>6</sub>:** Work stress has a significant negative influence on Job satisfaction.

**H<sub>7</sub>:** Organizational commitment of the employee has a significant influence on Job satisfaction.

**8. Research Methodology**

**8.1. Research Design:** Empirical research design has been employed for conducting the study.

**8.2. Sources of Data Collection**

**8.2.1.Primary Data:** Structured questionnaires containing 22 closed ended questionnaire has been employed for collecting primary data.

**8.2.2.Secondary Data:** Secondary data has been collected from journals, research thesis.

**8.3. Sampling Design**

**8.3.1.Sampling unit:** The target population for the study consists of employees working in stock broking companies operating in Bengaluru city of Karnataka State.

**8.3.2.Sampling Technique:** Non Probability convenience sampling has been employed to collect the primary data.

**8.3.3.Sample Size:** 100 employees who are working in stock broking companies operating in Bengaluru city of Karnataka State.

**8.4. Research Instrument:** Five point Likert-type scales (1=strongly disagree, 5=strongly agree) was used to record the responses to the items in the questionnaire.

**9. Tools used for Analysis of data**

**9.1. Kaiser-Meyer-Olkin (KMO) test of sampling adequacy and Bartlett's test of Sphericity** was used determine whether the sample is adequately appropriate for factor analysis.

**9.2.** The structural validity of the proposed research model was ascertained by using CFA- co variance based structural equation modeling (CB-SEM), for which Analysis of Moment Structure (IBM-AMOS) software was employed.

**10. Analysis of data**

**10.1.Kaiser-Meyer-Olkin (KMO) test of Sampling Adequacy**

The test of sampling adequacy needs to be performed in order to

determine whether the sample is adequately appropriate for factor analysis. Accordingly the Kaiser-Meyer-Olkin (KMO) test of sampling adequacy and Bartlett's test of Sphericity were conducted. A minimum accepted KMO value of 0.50 was fixed. The values are presented in below Table No.1. Based on the values given in Table No. 1 of KMO, the sample adequacy for all the variables that defined the constructs were found to be acceptable.

**Table No.1: KMO and Bartlett's values**

Construct	KMO	Bartlett's
Work – Family Conflict	0.712	.000
Work Stress	0.803	.000
Organizational Commitment	0.637	.000
Perceived Alternative Job Opportunities	0.550	.000
Job Satisfaction	0.817	.000
Turnover Intention (Dependent variables)	0.601	.000

*Source: Field Survey*

The KMO value was found to be comfortably adequate and the chi-square value out of the Bartlett's test was found to be significantly positive for the data contained in all the constructs in our study. Hence, we can conduct factor analysis because the variables are loaded properly.

**10.2.Confirmatory Factor Analysis (CFA):** In this study, CFA was done using co-variance based structural equation modelling (CB-SEM), for which IBM AMOS software was employed.

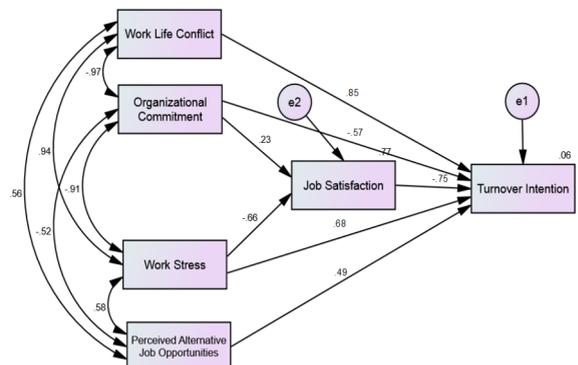
**10.3.Structural Equation Model Results:** The primary objective of the study is to empirically test the relationship of the six constructs. In other words how do Work-Family-Conflict (WFC), Work Stress (WS), Job Satisfaction (JS), Organizational Commitment (OC), and Perceived Alternative Job Opportunities (PAJO) relate to Turnover Intentions (TI).

**10.4.Overall Model Fit:** The summary of all the indices are provided in From Table No.2 it can be found that the calculated values of all the determinants of an acceptable model fit namely CMIN, CFI, TLI, NFI, RMSEA suggested a close fit of the model to the data.

**Table No.2: Model Fit Indices – CFA**

Fit Index	Value Obtained	Value Desired
CMIN (Chi-Square/Degrees of Freedom) $\chi^2/df$	4.163	Between 2 and 5
Normed Fix Index (NFI)	.988	0.9 or more
Comparative Fit Index (CFI)	.990	0.9 or more
Tucker Lewis Index TLI (NNFI)	.928	0.9 or more
Root Mean Square Error of Approximation (RMSEA)	.079	0.08 or less
P value	.016	0.05 or less
P CLOSE	.034	0.05 or less

*Source: Field Survey*



**Diagram No 1: Final Model of Turnover Intention**

**Table No.3: Hypothesis Testing Results: Construct – CFA**

Construct Variables	Path Coefficient	P	Conclusion
TOI <--- WFC	.852	***	Hence <b>H1 Accepted</b> ; Work–family conflicts has a significant positive influence on turnover intentions.
TOI <--- WS	.682	.015	Hence <b>H2 Accepted</b> ; Work stress has a significant positive influence on turnover intentions.
TOI <--- JS	-.754	***	Hence <b>H3 Accepted</b> ; Job satisfaction significant negative influence on turnover intentions.
TOI <--- OC	-.579	***	Hence <b>H4 Accepted</b> ; Organizational commitment significant negative influence on turnover intentions.
TOI <--- PAJO	.492	.039	Hence <b>H5 Accepted</b> ; Perceived alternative Job opportunities has a significant positive influence on turnover intentions.
JS <--- OC	.235	***	Hence <b>H6 Accepted</b> ; Organizational commitment of the employee has a significant influence on Job satisfaction
JS <--- WS	-.663	.043	Hence <b>H7 Accepted</b> ; Work stress has a significant negative influence on Job satisfaction.
<b>Source : Field Survey</b>			

Source : Field Survey

**10.5. Mediation Analysis:** In order to test the mediation effect of job satisfaction between organisational commitment and turnover intention, work stress and turnover intention, standardized indirect effects was computed as show in the table below.

**Table No.4: Standardized Indirect Effects (Group number 1 - Default model)**

	WS	OC	PAJO	JS	WFC
JS	.000	.000	.000	.000	.000
TOI	.689	-.433	.000	.000	.000

From the above table, it is observed that the indirect effects are significant and work stress is effecting largely when compared to organization commitment of the employees to organization. Hence we can conclude that job satisfaction is mediating between turnover intention and selected variables.

**11. Findings of the study**

The purpose of the study was to identify and explain the factors that contribute to turnover intentions of employees in the Stock Broking Companies. Based on the analysis, we found that,

- All the variables considered in the five construct namely Work–Family– Conflict (WFC), Work Stress (WS), Job satisfaction, Organizational Commitment (OC), perceived alternative job analysis on Turnover Intentions (TI) for this research, 5 variables formed part of the structural equation model fit.
- All 5 variables contributed towards supporting the relevant hypothesis.
- It is also evident that job satisfaction mediates the relationship between work stress and turnover intention, work stress exhibited a negative effect on job satisfaction which in turn effect the turnover intention adversely.
- The significant positive relationship between job satisfaction and organization commitment, indicates that, if the employee is committed towards the organization then it's likely that employee is satisfied in his/her job and likely to stay in the organization.
- The correlation coefficient between work life conflict and organization commitment is -0.95, which indicates that, there exists high degree of negative correlation between the two variables, thus we can conclude that, higher is the work life conflict, lower is the employee commitment towards the organization success.

**12. Suggestions**

- The organizations can identify the areas of dissatisfaction and use appropriate strategies to enhance job satisfaction and curb voluntary turnover.
- The organizations can devise programs like family day out, team

outing, work from home, flexible timings, etc., to maintain the balance between work and family since, work-life conflict has a significant influence on the turnover intention.

- The organizations can understand the job market and devise the effective lead strategies to attract and retain the valuable employees and gain competitive advantage in the job market.
- The organizations can reduce the work stress by assigning SMART goals and flexible work systems, which can empower the employees to work efficiently and contribute towards the success of the organization.

**13. Conclusion**

The study, discussed the motives of turnover intention and tested the contributing relationships on turnover intention. The study enabled us to understand certain key personal and professional factors that can trigger turnover intentions. Organizations need to enable a healthy working environment in which employees are able to balance their time judiciously for both personal and professional roles. The financial services sector to which stock broking industry belongs is working on a time–is–money model due to which organizational pressures can prove very costly to the personal and professional facets of the workforce. Organization need to also nurture the loyalty of employees and continue to inspire through leadership and culture in bringing out the best from every employee and sustain such efforts by constant recognition and growth avenues. The organization need to understand the job market and devise the effective lead strategies to attract and retain the valuable employees and gain competitive advantage in the job market.

**References**

- [1] Ibaria Magid And Greenhaus, Jeffrey H, 1992, Determinants Of MIS Employees' Turnover Intentions: A Structural Equation Model, Communications Of The ACM. 35(2):Pp-34-39
- [2] Chatzoglou Prodromos D, Et Al. Factors Affecting Accountants' Job Satisfaction and Turnover Intentions: A Structural Equation Model. I C On Enterprise Systems, Accounting and Logistics, 2011.
- [3] Treuren Gerry, The Relationship Between Perceived Job Alternatives, Employee Attitudes And Leaving Intention, ANZAM-Australian And New Zealand Academy Of Management.
- [4] Raman Ramakrishnan, Et Al., 2013, Use Of Structural Equation Modeling To Empirically Study The Turnover Intentions Of Information Technology Professionals In Pune City.
- [5] I.B.E. Foundation. IT & ITeS Industry in India-Sector Profile 2017. 2017
- [6] Human Capital Consulting. Annual Compensation & Benefits Trends Survey, India. FY 2015-16.