



# THE EFFECT OF JOB DISSATISFACTION ON EMPLOYEE TURNOVER IN BANKS

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## Abstract

*This study seeks to investigate the effects of job dissatisfaction on employee turnover in the Nigerian banking sector using some selected branches of First Bank plc in Osun state. The study adopts a quantitative research method. As such, the questionnaire was used to obtain data from the 200 randomly selected samples from each branch. Inferential statistics, including linear regression and correlation, were applied to evaluate the relationships between the dependent variable (employee turnover) and the independent variable (job dissatisfaction). The results show a significant positive relationship between job dissatisfaction and employee turnover. This means that the higher the level of job dissatisfaction, the higher the employee turnover rate. It also shows a 26% rate of employee turnover in the bank, which indicates that employees are leaving the bank at a higher rate due to a poor work environment, poor compensation system, lack of recognition, job insecurity, stress, and work-life imbalance. The study recommends that bank management focus on restructuring their organisational culture and creating a flexible work environment for employees.*

**Key Words:** Job dissatisfaction, Employee turnover, Turnover rate, compensation, organisational culture

## Introduction

The level of competition in today's business environment has heightened; organisations need to leverage their core competencies to gain a competitive advantage. According to Hall (2004), a

major ingredient for achieving competitive advantage and sustainability is hinged on the ability of organisations to utilise human resources effectively and efficiently. Therefore, organisations must look at employee issues before implementing any strategic response (Kumar, 2012).

Job satisfaction/dissatisfaction is a worker's perception of his achievement and success. It implies that job satisfaction is directly linked to productivity and performance, as well as the well-being of an individual employee. Job dissatisfaction could be seen as a key ingredient for employee turnover. When employees are unhappy with their job, job dissatisfaction ensues, leading to turnover intention and proper turnover.

Employee turnover has been a major concern to most organisations due to the cost of hiring and training new employees who might as well leave quickly. Employee turnover can be seen as a conscious, unconditional, intentional willingness to discontinue one's present employment (Tett and Meyer, 1993; Ibrahim et al., 2016). Each time an employee quits a position, the position becomes vacant, and the need to replace it arises. The replacement process is an additional expenditure for the organisation, which will include recruitment costs, training costs, cash outlays, loss in productivity, time wastage, and damage to the company's reputation and the morale of other employees.

There exists considerable research regarding the effect of satisfaction on employee turnover. Onu et al. (2005), Chimanikire et al. (2007), Medlin & Green (2009), Hunjra et al. (2010), and Sattar and Ahmed (2014), among other researchers, have studied one or more dimensions of job satisfaction and employee turnover intension. However, examining employee dissatisfaction in the Nigerian banking industry remains scanty today.

## Statement of the Problem

Employee turnover in the Nigerian banking industry is a major problem affecting the industry and the Nigerian economic position. The banks continue to lose valuable resources, both material and human resources. Employee turnover in the banking industry is generally attributed to poor remuneration, work stress, and family-work conflict (Shukla and Sinhal, 2013). The banking sector needs to investigate the root causes of these issues in order to mitigate them. Therefore, this study aims to assess the relationship between job dissatisfaction and staff turnover in Nigeria's banking industry with special references to First Bank of Nigeria PLC, evaluate the causes of job dissatisfaction which lead to turnover and recommend solutions to the issues identified.

## Aims and Objectives of the study

- To determine the relationship between job dissatisfaction and employee turnover in First Bank of Nigeria.
- To investigate the employee turnover rate in First Bank of Nigeria

## Research Hypothesis

There is no significant relationship between job dissatisfaction and employee turnover in the First Bank of Nigeria.

## **Significance of the Study**

This research will contribute significantly to the existing body of knowledge and inform the bank's human resource management policy reviews with improvement in employee commitment level and turnover reduction. It will also establish a baseline from which different banks within the industry can adopt and formulate a policy to guide their employee's commitment.

## **Literature Review**

### **Job Dissatisfaction**

Job dissatisfaction is "an unpleasant psychological state resulting from a re-examination of employees' task or experience at work" (Locke, 1976). Job dissatisfaction is the emotional response portrayed by an employee after a detailed comparison between the employee's expected outcome and the actual result, given the effort inputted into the job (Fang, Tsai, and Wu, 2010). Job dissatisfaction concerns an individual feeling of imbalance on the job; this imbalance arises due to the absence of the basic factors or variables. The feeling of dissatisfaction among employees often manifests in the form of lateness to work, regular absenteeism, and other counter-productive activities (Vidal et al., 2007).

### **Causes of Employee Dissatisfaction**

The following are some of the causes identified by the authors to be the causes of job dissatisfaction among employees.

- **Work Environment**

The work environment is an extrinsic factor that causes employee dissatisfaction. The work environment is the physical conditions relating to the performance of a job. These conditions are mostly provisions that create a conducive environment for work. Examples are office space, electricity, water availability, clean and hygienic environment and health facilities. According to Shuklah and Sinha (2013), in the absence of essential amenities such as proper electricity, furniture, health facilities and safety services etc., employees will perceive some level of unfairness, leading to dissatisfaction.

- **Compensation**

One of the major causes of high employee dissatisfaction in an organisation is 'compensation'. Compensation includes remunerations due to an employee for the work done (Beam, 2009). These comprise salary and wages, Bonuses, and other fringe benefits aimed at appreciating the employee's work. Compensation can cause employee satisfaction and dissatisfaction, depending on the employee's perception.

- **Performance Appraisal and Feedback**

When an employee's performance is communicated, the employee will be able to measure it in relation to his expectation. Performance appraisal is that conscious effort by an organisation to assess the contribution of the

individual employee towards the achievement of the organisation's objectives (Iqbal, 2010). Performance appraisal and feedback greatly impact employee satisfaction and dissatisfaction because it deals with employee emotions, which can manifest immediately.

- **Work-Life Balance**

Chigbundu and Muda (2022) stated that an imbalance in an employee's work-life due to the stress resulting from work increases the dissatisfaction level in the employee." Factors such as excessive work demand, role conflicts, work-life balance issues, lack of autonomy on the job, etc., are stressors that will brew dissatisfaction in employees, which may result in employee turnover (Hwang and Lee, 2021). The work-life issue will lead to dissatisfaction and affect employees' loyalty and organisational performance.

- **Personal and career growth**

Career growth and personal development are major reasons employees remain committed to an organisation (Sattar and Ahmed, 2014). Employees want to advance in their careers as well as make a living. Therefore employees remain in an organisation that creates an environment for career growth and development. Obstacles in career development, such as lack of promotion, the pressure of downsizing, and lack of training and

development opportunities, can dissatisfy the employee (Albattat and Mat Som, 2012).

- **Lack of Recognition**

An organisation characterised by the inability to recognise the employee's performance risks subjecting the employees to dissatisfaction which may result in employees looking for an alternative (Sattar and Ahmed, 2014). In a survey conducted on 8000 employees, the result shows that 41% of the respondents state that the lack of recognition for their effort exerted on the job causes their performance level to dwindle (Bayt.com). This implies that crediting an employee's effort has a positive effect on his satisfaction and performance level.

### **Employee Turnover**

Employee turnover has been defined by Price (1977) as "the number of employees who left the organisation in a period divided by the average number of people in that organisation during the period". It often affects the effective running of the organisation. Feldman (1994), cited in Iqbal (2010), defined employee turnover as the process through which employees leave an organisation in a period. It is filling a vacant position; every time an employee leaves an organisation, a new employee must be hired to occupy the position. This process is known as turnover (Chigbundu and Muda, 2022). The turnover rate is when employees move in and out of an organisation.

### **Theoretical Model for the Study**

Herzberg's two-factor theory is adopted as the theoretical underpinning for this study.

### ➤ Herzberg Two Factor Theory

Herzberg's two-factor theory identifies the variables leading to employee dissatisfaction as well as the ones leading to motivation. Herzberg explains that the absence of some factors in the work of employees results in employee dissatisfaction and directly impacts employee turnover. However, the present does not lead to employee motivation. This theory identifies all factors that promote and decrease employee turnover rates (Panatik and Chiat, 2019). As such, Herzberg's theory divides these factors into two categories: "the Motivator" and "the Hygiene" factors. Motivators are those factors that influence an employee's performance in an organisation. Examples are achievement, recognition, the meaningfulness of work, autonomy etc. the absence of these factors will lead to a dissatisfied employee. At the same time, the presence of these factors in an organisation will increase employee commitment and satisfaction, leading to an increase in performance (Burton, 2012). The hygiene factors are the factors that are not intrinsic. They are concerned with the context of the job. Their presence helps prevent the feeling of job dissatisfaction. Examples are work environment, organisational policy, supervisory style, manager-employee relationship with peers, company's policies, compensation etc. (Panatik and Chiat, 2019). these factors are very important as their unavailability, as expected, will increase employee

job dissatisfaction, forcing them to quit their jobs (Burton, 2012).

### Relationship between Job Dissatisfaction And Employee Turnover

Sufyan and Maqsood (2010) studied the role of pull and push factors that lead to job turnover in three industries: pharmaceutical, banking and chemical. They found factors such as unfair compensation, lack of growth opportunities, and insecurity to influence employee satisfaction. Nwobia and Aljohani (2016) studied the effect of job dissatisfaction on employee turnover, involving 200 employees as a sample. They found that job dissatisfaction has a significant relationship with employee turnover; the higher the dissatisfaction level, the higher the employee turnover. Also, Siddiqui et al. (2012) found a significant relationship between job satisfaction and employee intention among employees in Pakistan. Sattar and Ahmed (2014) identified a significant positive association between work environment, job stress and employee turnover. Shukla and Sinha (2013) identify factors such as compensation, stress, recognition and work environment as majorly affecting employee turnover.

### Research Methodology

The research approach adopts the deductive approach to research as it begins with a theory and aims to build on it according to Saunders's Research theory (Saunders *et al.*, 2007).

### Population and Sample Size For The Study

The population used for this study includes the staff and employees of First Bank of Nigeria plc located in Osun state. The sample size for the study is 200 employees of First Bank of Nigeria plc, randomly selected from the sixteen branches (16) located in Osun State.

**Sampling Technique**

The sampling method comprised purposive and random sampling elements. Purposive was used to select First Bank as the case study, while random sampling was used to select 200 staff members of the bank to ensure that everyone had an equal chance of being selected.

**Measurement of Employee Turnover**

Employee turnover rate was computed using the formula stated in Nwagbara et al. (2013):

$$\frac{\text{Number of employees leaving in a given period}}{\text{The average number of employees during the same given period}} \times 100$$

The average number of employees during the same given period

The number of employees leaving was obtained from the survey, while the average number of employees was derived by finding the mean of the responses given by the respondent.

Job dissatisfaction is measured using seven (7) dimensions: compensation, work recognition, skill variety, autonomy, work-life balance, task identity and job security.

**Data Analysis**

**Table 2 ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	335.983	7	47.998	4.236	.000 <sup>b</sup>
Residual	1484.204	131	11.330		
Total	1820.187	138			

Data were analysed using Statistical Package for Social Sciences (SPSS 20.0 version). Linear regression was used on factors that indicated significant correlation. The regression model used was:

$$Y = \beta_0 + \beta_1 X_1 + e.$$

Where Y = dependent variable

**Table 1 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
1	.345 <sup>a</sup>	.185	.141	3.366	.0000

a. Predictor: (Constant) Job Dissatisfaction

$\beta_0$  = Constant

$\beta_1 X_1$  = Independent Variable (Job Dissatisfaction)

e = Error term

The formula above will be used to evaluate the employee turnover rate in First Bank of Nigeria plc. The number of employees that left the bank in the past two years, according to the survey, is 64 employees, and the average number of employees in the banks, according to the survey, is 245. Therefore,

**Data Analysis and Presentation of Result**

**Test for Hypothesis**

**Assessing the Relationship between Job Dissatisfaction and Employee Turnover in First Bank Plc**

Table 1 shows a significant relationship between the variables with  $R = 0.345$ ,  $R^2 = 0.185$ , and P value = 0.000,  $P < 0.05$ . The result indicates that 18.5% of the variation in employee turnover can be explained by variation in Job dissatisfaction.

- a. Dependent Variable: Employee turnover
- b. Predictor: (C0nstant), Job Dissatisfaction

The Analysis of variance in Table 2 indicates that  $F = 4.236$ ,  $df = 7$ . The P value was 0.000. This met the threshold since it was less than 0.05. Therefore the relationship is significant.

**Evaluating the Employee Turnover Rate in First Bank**

$$\frac{\text{Number of employees leaving}}{\text{The average number of employees}} \times 100$$

Therefore,

$$\frac{64}{245} \times 100 = 0.212 \times 100 = 26\%$$

Therefore, the employee turnover rate in First Bank PLC over the past two years is 26%, indicating a high turnover rate.

**Discussion of Findings**

**The Relationship between Job Dissatisfaction and Employee Turnover in First Bank Plc**

The study found a significant relationship between job dissatisfaction and employee turnover in the First Bank of Nigeria. It shows that an 18.5% variation in employee job dissatisfaction in the bank would simultaneously impact employee

turnover and be significant at less than 0.05 (Table 2). Therefore, a positive relationship exists between job dissatisfaction and employee turnover. The result shows that dissatisfaction accounts for about 35% of employee turnover. This result is consistent with the findings of Nwobia and Aljohani (2017) and Sjujigbe et al.(2013), which show a significant positive relationship between job dissatisfaction and employee turnover.

Therefore, the null Hypothesis (H01) is rejected while the alternative hypothesis is accepted, which says that job dissatisfaction has a significant relationship between job dissatisfaction and employee turnover.

### **Conclusion and Recommendation**

This study identifies the relationship between job dissatisfaction and employee turnover in financial institutions. The findings show a significant relationship between job dissatisfaction and

employee turnover in the selected banks. This means that job dissatisfaction is an antecedent factor that leads to employees leaving their jobs. Employees tend to remain committed to their organisations if factors such as compensation, compensation, skill variety, work recognition, work-life balance, autonomy, and job security are present in the job. Also, there is a 26% rate of employee turnover in the bank, which could be linked to the inability of the bank to ultimately satisfy the employees.

Therefore, it is recommended that the bank's management should consciously design a plan that will integrate employee satisfaction and create an enabling environment for employees' development. Also, reasonable compensation and other benefits should be provided to keep employees committed to their work. The human resource department should maintain a flexible work structure to enable work-life balance among employees.

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