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"Effect of workplace environment on employee turnover intention in Private banking sector of Islamabad"



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Abstract:

This research paper is about workplace environment and how does workplace environment effects employee turnover intention in Private banking sector of Islamabad. Workplace environment has an effect on its employees whether we like it or not but the effect remains, it can be reflected in their job performance and ultimately result in employee leaving the job but, if the workplace environment in which employees are working have a positive impact it can lead to job satisfaction as well as low turnover intention or no intention at all because in this research paper the effect of workplace environment on employee turnover intention is proven with the help of variables like workforce diversity, ambiance and empowerment. This research is conducted on Private banking Sector of Islamabad and it's a quantitative research. I used random sampling technique and this research proves that there's an effect of workplace environment on employee turnover intention.

Chapter 1

1. Introduction

1.1 Chapter's Introduction:

Employees in today's era are treated as an asset as well as a resource, but do not confuse the two schools of thought. Organizations which treat employees as an asset are far more productive and have happy employees meanwhile those organizations who treat their employees as a resource i.e. use them and dispose them at will usually fail to make a mark in this progressive and dynamic environment. Employers now a day's know how to treat their employees yet some organizations fail to provide suitable resources and environment which creates an issue. One of the issues is that, bad environment or environment that doesn't set to one's expectation creates turnover intention and if the feeling remains it can lead to employee leaving the job.

Organizations nowadays try to create environment which is healthy, progressive and challenging in their books but in reality isn't up to the mark and hence causes employees to be unsatisfied with their current job or eventually switch to an organization which they deem fit or according to their liking which in return increase job satisfaction and lowers turnover intention. What employers fail to acknowledge is that the decision of continuing the job lies with the employee and if they are not satisfied with the workplace environment, it

creates a change of high employee turnover intention and as we all know that when there is high turnover intention; employees switch their jobs and this is not only bad for the organizations' productivity, it's also bad for organizations reputation in the market through which it attracts potential candidates.

Workforce in Pakistan has significantly increased in recent years because of the high number of graduates graduating every year but these graduates are from different cultures and values, this can be termed as diversity. Diversity is one of the dimensions of workplace environment and if managed right it can lead organization to utter success but if not, well the outcome can be devastating. Secondly empowerment has a crucial task of motivating employees and this too is the dimension of workplace environment because nowadays if employees are not empowered to make daily on the job decisions then it can lead to high turnover intention as well. Employers tend to keep the decision making on the top level but successful companies know that empowerment is one of the tools to decrease turnover intention. Third dimension is ambience which directly effects employee turnover intention, one of the most important dimensions is the ambience and many organizations focus on ambience because it's not only to attract employees but also customers so organizations spend a-

lot to create such ambiance that it's a pleasant to employees eye and as well as customers.

1.1.1 Background of the Study

Employee turnover has been regarded as one the biggest issues any organization faces in today's era. Turnover intention is takes birth in one's mind when he or she isn't satisfied with their job. There can be many causes for one to be not satisfied but in this study I specifically focus on workplace environment and to be more specific, effect of these three dimensions i.e. ambiance, diversity and empowerment will be studied as this research paper is focuses on finding the effect of workplace environment on employee turnover intention. Work on effect of workplace environment hasn't been widely researched especially when a certain industry is in question.

Therefore I wanted to study this particular topic to understand the effect of workplace environment on employee turnover intention. Nowadays Employers are more concerned about giving a good compensation package rather than focusing on work environment which is also as important as compensation to motivate employees to work.

1.1.2 Problem statement:

Banking industry being one of the biggest sectors in Pakistan and it has lots of competition between different banks. Banks who do not care for their employees causes employees to leave

and join those banks which provide better environment and pay scales though pay scale is not the focus of this study whereas workplace environment and its effect on employees turnover intention is. When banks fail to provide good environment it leads to employees too switch and leave that bank for a bank which has a better environment. And when good and talented employees more frequently leave an organization it not only creates a bad image in the market but it also causes the bank to not perform optimally.

There's also a literature gap because no study has been done on this topic relating banking sector in Pakistan.

1.1.3 Research Objectives:

- To study the relationship among workplace environment and employee turnover intention in Private banking Sector of Islamabad.
- To study the relationship between workplace environment and employee turnover intention in Private banking Sector of Islamabad.
- To study the extent to which workplace environment effects employee turnover intention in Private banking sector of Islamabad.
- To emphasise the importance of workplace environment in private banking sector of Islamabad.

1.1.4 Research Questions

- What is the relationship among the variables in Private banking sector of Islamabad?
- What is the relationship between workplace environment and employee turnover intention in private banking sector of Islamabad?
- What is the extent to which workplace environment effects employee turnover intention in Private banking sector of Islamabad?
- What is the importance of workplace environment in today's era?

1.1.5 Overview of the Theoretical Framework:

My topic of research is "The effect of workplace environment on employee turnover intention". "Workplace environment" is an independent variable where as "Employee turnover intention" is a dependent variable. Employee turnover intention is affected by workplace environment that's why it's a dependent variable. There's a third variable, which is "Job Satisfaction". This third variable is a moderator variable, as it affects, strengthens or weakens the relationship between workplace environment and employee turnover intention. Furthermore, Independent variable i.e. workplace environment has three dimensions which will be studied and discussed in this research which are; ambiance, diversity, and empowerment. Similarly Employee turnover intention the dependent variable also has three dimensions which are; job availability, organizational commitment, and job stress.

1.1.6 Overview of the Research Methodology:

This research will be conducted in banking sector (Askari Bank, Bank Alfalah, Habib Bank and United Bank Limited) of Islamabad, Pakistan. This research is based on deductive approach and quantitative analysis.

The data collection tool will be questionnaires, which will be given to 160 employees, 40 questionnaires will be provided to each bank so that they can be filled by executives/ managers. The questionnaires will be self administered and the confidentiality of the respondents will be kept and respected at all cost. Meanwhile no employee will be forced to fill out the questionnaire. The data collected through questionnaire will be used for the research proposal and analysis and after collection it will be analyzed statistically in SPSS.

1.1.7 Scope of the study:

This study is to help students, teachers, researchers and corporate executives to better understand the effect of workplace environment and to enhance their current knowledge about the given variables and its effects.

This research also aims to help banking institutions understand the needs of their employees, so that they can improve their environment given that it has a major impact on the employees' intention; whether to stay or leave the particular bank, employees can either become an asset or a cost to their respective banks.

1.1.8 Brief definitions of variables:

Workplace Environment:

Workplace environment is defined as surrounding conditions in which employees work. It involves physical conditions as well as other factors pertaining to the place of employment i.e. additional perks of employment.