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Turnover Contagion: Attract and Retaining Talents in Retail Employment

Rosmanizah Derahman, Nor Hasliza Mohd Fadzil, Norzalina A.Aziz

Department of Commerce, Ungku Omar Polytechnic

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ABSTRACT

Background: Based on Human Capital Theory (Becker, 1993) this paper aims to highlight the imperatives for turnover contagion in retail industry in 2014. It will emphasize on the attracting and retaining activities conducted by employers and expedite an organization experiences in determining turnover intention among semi-skilled workers. This study proposes research agenda for better understanding of turnover contagion among Malaysia's retail talents. This cross-sectional study would address the objectives of the paper using personally administered questionnaire which will be distributed in mass distribution retailers in 5 regional areas. Apart from bringing some theoretical contribution, the paper offers a guideline for a practical handbook to Malaysia Retailers Association. (MRA).

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INTRODUCTION

In 2013, there are more than 13 million labor forces in Malaysia according to Department of Statistics, 2013. There were also 1.9 Million people employed in retail sector in 2011 (Labor Force Survey, 2011). This represents 14.6 per cent of the total number of labor force employed in all industries and services in Malaysia. Thus, it is clear that retailing is a dominant and economically crucial industry to the economy of Malaysia. Despite the International Monetary Fund (IMF), in its World Economic Output (WEO) Update in January 2013; projected world output to expand by 3.5% in 2013, a downward revision of 0.1 percentage point from the October 2012. However, according to Malaysia Institute of Economic Research (MIER), emerging and developing economies are expected to perform much better in 2013 with growth well above 5.0 %. (MIER, 2013). Thus retail industry is projected to be more fruitful and requires a vast number of workforces.

Despite sliding downwards in global rankings during recent years, Malaysia's wholesale and retail sector continues to play a significant role in the economy, where domestic consumption makes up 67 to 70 per cent of GDP. Retail sales also receipts chalked up 8.1 per cent of growth, according to Retail Group Malaysia (RGM), a group that compiles statistics for the Malaysian Retailers Association (MRA). Continued growth is projected by RGM in 2012 as the burgeoning middle-class and nouveau riche become imparted with a comfortable pool of disposable income. According to the MIER, consumer confidence galloped ahead to 114.3 in the first quarter of 2012, up from 106.3 in the fourth quarter of 2011. This situation should lead to an increasing requirement of retail employment demand. Moreover with a proven track record as a mall managing machine, Malaysia has outlined its ambitions to step into the limelight as an exporter of expertly designed commercial complexes. As outlined in the government's Economic Transformation Programme (ETP), drawn up to push the country towards high-income status by 2020, the '1 Malaysia Mall' project will target underexposed urban centers in markets across Vietnam and China, giving at least 50 per cent of the newly created commercial space to Malaysian retailers, leading to an increasing number of retailers. (Inside Investor, 2012). These statements highlighted the growth and increasing professionalization of the multiple retailers and it has provided various career opportunities for retail employees. Retailers require their managers to be bright, motivated, capable individuals with a range of personal and technical skills. As a response there has been a growth of graduate related posts within the industry. This has been accompanied by a growing range of undergraduate, postgraduate and post experience retailing programmes offered by higher educational establishments.

Thus the attraction and retention of graduate employees remains a key retailing issue (Broadbridge, 2002). Moreover, what attracts employee is usually what makes them to stay. (HR by Your Side, 2013)

Corresponding Author: Rosmanizah Derahman, Department of Commerce, Ungku Omar Polytechnic

In this study, questions will be answered of the factors to the turnover intention among semi skill retail talent. Objectives included in this study would be : (1) to identify orientation of attraction, retaining, organizational experiences and turnover in retail employment ; (2) to identify orientation of attraction, retaining, organizational experiences and turnover in retail employment; (3) to determine relationship between attraction and retaining orientation towards organizational experiences; (4) to recognize relationship between organizational experiences and turnover in retail employment ; (5) to what extend predictor variables influence turnover.

Problem Statement:

The Malaysian Retailers Association (MRA) expects the retail sector to grow by 5% to 6% in 2011 driven by domestic spending and market sentiments. Despite the growth in 2011, there are also some challenges faced by retailers. The biggest challenge for retail sector would be shortage of manpower especially in food and beverages from frontlines and backend staffs. The restriction on foreign workers is also not helping. According to Valarie Choo of MRA, many young workers in the local retail industry and they are more mobile and choosy. In addition many young talents are attracted by job opportunities and offers in Singapore and other countries. A lot of retailers want to expand in but do not have enough staff. Many more malls are coming up but cannot expand as fast as the malls should. Thus new malls have very low occupancy because retailers and tenants are not able to open due to lack of staff.

Problems also emerged when employee turnover levels in the retail industry are quietly rising according to a new survey from Hay Group, the global management consulting firm in US. With an improving job market and solid first quarter sales, retailers are experiencing more movement among their store hourly workers. Retailers report a median turnover rate of 67 percent for part-time store workers, a 33 percent increase over 2011. One in five retailers report that they have experienced more turnovers in the first part of 2012. Retailers are very focused on profitability right now, which is likely leading to an increased demand for part-time workers, who can be scheduled to work at only the highest traffic times.”

In addition, for the remainder of 2012, 82 percent of retailers surveyed expect to see the most turnover among their store hourly workers. Nearly one-third of respondents say they expect to see high levels of turnover among hourly workers at distribution centers.

There has been a paucity of turnover studies in the context of retail in general and retail management specifically. There is a literature revealed only one recent study of retail managers exclusively (Rhoads *et al.*, 2002). Findings revealed that the retail store managers were less satisfied, felt less commitment, and had greater intentions to leave than the corporate retail managers and managers in other fields. The authors concluded that retail organizations failed to recognize the individuality of managers and their needs to meet their own personal goals, and that it was important to increase managerial satisfaction. However, the study extended only to intention to leave and not to the actual turnover decision.

Low turnover is seen as an asset in the competitive war. High turnover is seen as a problem to be managed (Bannister and Griffeth, 1986; Glebbeek and Bax, 2004). Broadbridge (2002), for example, identified how labor turnover increased when management engaged in a mechanical and quantitative approach to managing people in stores. The importance of allowing managerial discretion to store managers in dealing with the problems they face was recognized. Uncles (1995) suggested that firms need to invest resources in developing employees. This would lead to increased motivation, enthusiasm and increased sales and overall lower labour turnover.

Scope of Study:

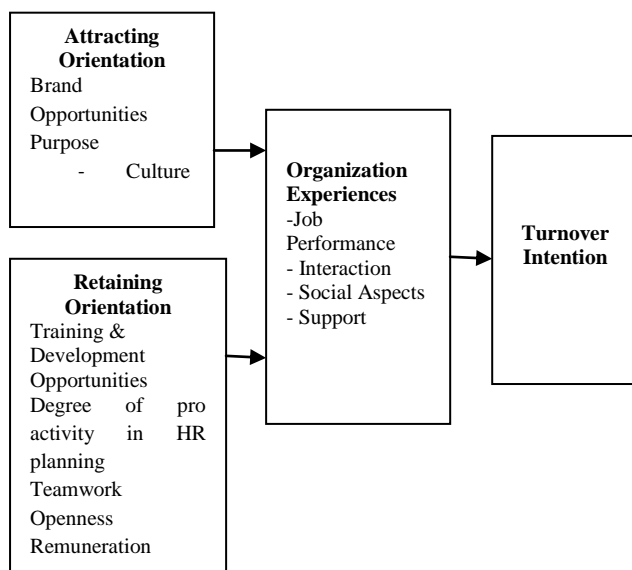
This will mainly aims at the analysis of turnover contagion in Malaysia's retail industry. For the purpose of this study, researcher will evaluate the attracting and retaining actions by various retailers. The data will mainly gathered from employees which employed by mass distribution retail system. Semi-skilled employees in various retail stores will be the 382 samples and another 20 employees from managerial levels which will be selected. The study also will extend only to turnover intention.

Conceptual Framework:

There would be two independent variables; attract and retain and a single dependent variable; turnover decision. This study attempts to analyze the possible mediator or moderator; organizational experiences **First Construct: Organizational Experiences**; The Organizational Model of Employee Persistence (OMEP) is unique among turnover models in that it represents a reciprocal connectedness between the individual and the organization. The term used in the model is integration While complementary to the constructs of belongingness, engagement, and organizational fit, integration differs from those constructs as follows: individual variables (intent, goals, commitment, and satisfaction) are hypothesized to influence as well as be influenced by integration (Peterson, 2004) This model had been validated previously by Hanes-Netzley and Peterson (1999). A minimum item is eight with minimum sub scores for reliability (α) is 0.86. **Second**

construct; Turnover will be measured by 'Turnover Intention Model' adapted from Hom and Griffeth (1995) which has scored 0.87 of Cronbach Alpha. **Third Construct: Attract** will be adapted from Jean-Marie Hiltrop, ART HRM Practice Profile (1999) **Fourth Construct ; Retain** will be adapted from D. A Ready (2008).

Proposed Conceptual Model:



* Adapted from Organizational Model For Employee Persistence (Peterson, 2006) and Jean-Marie Hiltrop, ART HRM Practice Profile (1999), D.A Ready (2008)

Grounded Theory: Human Capital Theory (Becker, 1993), Theory's root – Gary Becker (1964)

Literature Review:

In human resources context, turnover or staff turnover or labor turnover is the rate at which an employer gains and loses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door".

Retail work is typically portrayed as a revolving door with employees staying for a short period of time and then moving on to something else. In such an environment, the costs of turnover become a vulnerable part of doing business. (Kelly, 2008) Organizations pursuing internal labor strategies would prefer to retain employees, especially high-performing ones. Once an employee has decided to quit, it is often too late to do anything to change that individual's mind about leaving.

The field of retailing may be particularly vulnerable to high turnover due to work-family conflict associated with conditions endemic to the retail field, notably long hours (including nights, weekends, and holidays), relatively low entry-level pay, and frequent expectations to relocate. For example, fast food retailers could have turnover in excess of 100 percent (Steel *et al.*, 2002), but full-time retail employees, including managers, are also prone to higher turnover (Rhoads *et al.*, 2002).

Moreover employee turnover has long been a topic of interest to academicians and practitioners because of the negative significances of turnover (Hom and Griffeth, 1995; Griffeth *et al.*, 2000) Employee turnover is expensive for organizations since they incur significant costs, both direct (for example, costs of recruitment and selection, training and development, etc), and indirect (for example, employee commitment, service/product quality, productivity and profit) (Griffeth *et al.*, 2000). Low turnover is seen as an asset in the business competitive war. High turnover is seen as a problem to be managed (Glebbeck and Bax, 2004). The importance of allowing managerial discretion to store managers in dealing with the problems they face was recognized. Uncles (1995) suggested that firms need to invest resources in developing employees. This would lead to increased motivation, enthusiasm and increased sales and overall lower labour turnover. With respect to the causes and correlations of employee turnover, studies have been conducted from numerous perspectives.

Tansky and Cohen (2001) found that organizational commitment and perceived organizational support correlated with satisfaction and career development; when organizations made an effort to develop managers, the managers were more committed to the organization, and they were more likely to develop their employees. Supervisors appear to have a direct effect on intention to quit as well as on the actual turnover decision (Bartlett, 2001). Nothing will improve an organisation's ability to attract and retain employees better than offering higher salaries and more benefits than its competitors. Studies show, that providing a better work environment can also be an extremely effective tool for attraction and retention. (Earle, 2003) Although compensation is not the top

strategy for retaining employees overall, Hay Group's March 2012 survey of retailers' salary budgets found that it is one of the tools used to hold on to high performers.

A variety of management techniques can be used to reduce the relative rate of turnover. Salamin and Hom (2005), for example, showed that a bonus on top of regular pay had more influence on reducing turnover than regular pay rises. Recent contributions to the literature have improved understanding of the triggers that lead to turnover but as a tool for management decision they are difficult to use as the necessary data is normally available.

Moreover according to Heather A Earle (2003) nothing will improve an organisation's ability to attract and retain employees better than offering higher salaries and more benefits than its competitors. Studies show, however, that providing a better work environment can also be an extremely effective tool for attraction and retention.

Research Methodology:

This descriptive and cross-sectional descriptive research will be designed to allow the researcher to get close to respondents, penetrate their realities and generate an understanding of the attracting and retaining orientation employed by mass distribution retailers. Working within this paradigm, personally administered questionnaire will be identified as the most appropriate method to meet the objectives of the research. To facilitate the process, a semi structured interview question and guided interview will be developed. Later, the data will be analyzed using Special Package for Social Science (SPSS) version 20 and further with qualitative secondary data gathered prior and during the primary data collection period.

Target Population of Study:

In order to collect data from the element which share common set of characteristics, this study will cover retail stores in 5 regions; North, South, East Coast, West and Central. The population of graduate workforce entered the labor market in 2010 is 2.1 Million (Department of Statistics, 2011). This figure has been calculated to a target population of 14.6 per cent from retail sector which lead target population of talents in retail employment will be 306,600.

Sampling Frame, Method and Size:

The sampling frame will be obtained from five regional areas which located mass distribution retailers. Mass distribution retailers are chosen since pool of talents supposed to be easily available in order to assist retailers to run quite big chain of retail stores. Using the probability sampling (Hair, 2007) to determine the accuracy sampling from a large population therefore 382 (Department of Statistics; employees in retail sector is 14.6 per cent from total graduate employment of 2.1 Million in 2010) respondents will be chosen through Simple Random Sampling and Disproportionately Stratified Sampling. (Krejcie and Morgan, 1970; Hair, 2007).

Conclusions:

Theoretical Contributions:

i) This study is hoped to contribute to the literature of retailing and human resource specifically in the context of retail talent development considering the lack of studies in the area but it is widely mentioned by practitioners.

ii) This study may provide guidelines to managerial positions in retail employment in attracting and retaining future workforce

iii) This study is hoped to reveal and expose a future challenges in retail employment which may beneficial to Higher Educational Provider (HEP) in reducing unemployment rate among its graduates

Practical Contributions:

i) The findings from this study are hoped to give practical management implications and insights to retailers in enhancing and improving organizational practices that will facilitate retail employment

ii) This study may be used as a basis for researcher in writing up a practical handbook which will be suggested to Perbadanan Sumber Manusia Bhd (PSMB) for assisting them in granting reimbursement claim of Human Resource Development Fund (HRDF) to retail employers.

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