Switching Behaviour of Employees in Conventional and Islamic Banks in Pakistan: A Qualitative Comparative Analysis

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Abstract
The purpose of this research is to investigate the switching behaviour of employees working in conventional and Islamic banks in Pakistan. We used semi-Structured interviews to collect data. The analysis was carried out by coding and grouping the data. Finally eight themes emerged from the data. Low salary, poor fringe benefits, poor working environment, poor annual appraisal system and improper supervisor behaviour were perceived as the major factor affecting switching behaviours in the banking sector of Pakistan.

Keywords: De-Motivation, Dis-Satisfaction, Employee Turnover

INTRODUCTION
Background
Assets and Employees are an important part of any organization as high productivity and performance of most organizations could not be realized without employees’ support and contribution. The availability and sustainability of the right type of human resource at the right time and right place is the essence of the successful organization. Few employers keep their employees at a distance and ensure that there is no confusion as to the hierarchy that exists between them, (Yin, 2012). Others employers create an amicable environment with their employees because they see this is only the way to make employees happy, (Yin, 2012). The long term relationship between employer and employees not only ensures sustainability and competitive advantage over rivalry but it also promotes good organizational culture and motivation at the workplace, (Yin, 2012). Employer and employee relationships should be mutually respectful while the degree of closeness in these relationships will depend on both the employer and the employee, (Yin, 2012). On the contrary, an unhappy and dissatisfied employee neither sustains in the organization nor he delivers the best of his capabilities. It has been observed since decade that most of the employees are switching banking industry and try to join other corporate firms in Pakistan, but factors those influence employees to switch from one bank to another and bank to another firm are still unknown. We have conducted this research to explore the factors those influence employees to switch. Porter and Steers (1973) compiled what they termed an ‘expectation set’ to divide the causes of turnover into four groups of factors. These groups are personal, organization-wide, work-environmental and job-related factors.

Purpose of the Research
This study aims to investigate the factors influencing employees to switch from one bank to another.

Research Objectives
The following are the major research objectives of this study.
- To know the employee perceptions towards switching behaviors.
- To know the factors influence employees to switch from one bank to another and bank to a corporate firm?

Rationale of the Study
A lot of research work has already been done on switching behaviours around the globe, but seemingly, no research has been carried out specifically on employee perceptions on switching behaviours in conventional and Islamic banks in the context of Pakistan Banking Industry which explores the factors influencing employees for switching.

Research Questions
- What are the major factors influencing employees to quit banking job and why?

REVIEW OF LITERATURE
Employee turnover is a ratio of a number of workers that had to be replaced in a given time period to the average number of workers and employee job satisfaction means how employees are gratified and enjoyed at the workplace, (Asegid et al, 2014). Employee turnover is a costly problem and drags towards employee shortage. When organizations face abrupt
shortage of employees specially shortage of skilled employees, they face gigantic problem in term of human resources which is the biggest challenge for them. The recruitment of new employees may not quickly replace the experienced employees those who have recently switched, (Asegid et al, 2014). A new generation enters as workforces because of attractive incentives are provided by the employers as compared to old employees. There are varieties of factors that influence the retention of employees including but not limited to work satisfaction, group cohesion, job stress & work schedule (Asegid et al, 2014). Higher employee turnover is always destructive and can lead to losing competent and qualified employees. A cross sectional mixed methods study was carried out on 278 nurses in Sidama Zone public Southern Ethiopia. The study concluded that salary and benefits were the major elements of turnover among nurses. Since decades various economists gave their static view of the labour market and excess workers turnover trends in Luxembourg, (Bertinelli et al, 2008). From the employee’s point of view, hiring and firing are costly to process. Besides, there is also a search cost associated with finding an appropriate group of new employees and there is opportunity cost too of losing the experienced employees. Similarly, from the employee point of view, employee leavers face transition phase of unemployment until they get another job. In addition, they might not be able to achieve same nature of job with having the same benefits and as that of previous one. The reason why employee turnover continues to be of key importance for organizations is that the movement of employees in and out of an organization has direct financial implications for the organization. Findings of Pietersen & Omi (2014) have shown that the banking sector worldwide characterized by high employee turnover due to poor appraisal and slow career growth. Annual surveys conducted by the Chartered Institute of Personnel and Development (CIPD) have shown consistently that the majority of employee turnover is attributed to voluntary turnover due to the unsatisfied working environment and poor benefits offered by the employer, (CIPD, 2004).

Job satisfaction is defined as ‘a positive affective response resulting from the appraisal of various facets of one’s job or job experiences’ (Kasimati, 2011: 321). According to Herzberg’s classic motivation-hygiene theory, intrinsic motivators lead to job satisfaction (Herzberg, Mausner & Snyderman, 1959). These motivators include the nature of the work itself, recognition, autonomy, a sense of achievement, and personal growth and advancement. They gratify needs for achievement, competency, status, personal worth and self-realization. Job dissatisfaction on the other hand results from an unfavorable assessment of ‘hygiene factors’. Hygiene factors include compensation, job security, working conditions, company policies and administration, supervision and interpersonal relations. They are extrinsic to a job itself and lead to dissatisfaction if an individual has negative affective responses to one or more of them (Herzberg, 1968). When employees are motivated at the work place, they work very hard to achieve the organizational goal in short and long term, (Dawal et al, 2009). Employees are the engine of an organization to achieve its major outcomes. When employees are not satisfied with respect to salary, incentives, perks and conducive environment, they may not strive to achieve major goals of an entity, Yi (2012). Job Satisfaction is an emotional and behavioral element, Bernstein & Nash (2008). If an organization skip job satisfaction factor & try to provide some other attractive opportunities to their employees, the organization will not succeed in reducing employee turnover, Martins & Coetzee (2007). Job satisfaction is a sign of organizational efficiency and effectiveness, Rothman and Coetzer (2002).

There is a common relationship between employee commitment and job satisfaction, (Harrison et al, 2006). The employees will work hard with loyalty and full commitment when they are fully satisfied, (Harrison et al, 2006). What the major cause of employees switching is the risk factor which is undertaking by the employees, (Saeed et al, 2014). Recent fraudulent activities and embezzlements in the bank stand employees on a stake. The employees want to have salaries and benefits commensurate with the risk factor associated with their job, (Saeed et al, 2014). Organizational culture is one of the key factors which influences employees to switch in Saudi Arabia, (Aldhuwaihi, 2013). Nonconductive organizational culture always discourages employees especially female employees to leave the organization, (Aldhuwaihi, 2013).

RESEARCH METHODOLOGY

Research Design:

The aim of this research is to analyze the factors influencing behaviours of the employees for quitting a banking job. This study will use a multiple comparative case study approach. The case study method is defined by Yin (1984:23) “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly defined; and in which multiple sources of evidence are used.”

Case study method gives the true picture of the behaviour and perception of employees for quitting a banking job. It can ascertain when the research is conducted within the context of the banking industry. Therefore in order to critically
evaluate the perception of the employees within the context of the banking industry by using multiple sources of information a case study method is most appropriate. Moreover, the other reason for using a comparative case study method is that this method helps a researcher to test the reliability of the results and in case there are contrasting results it helps to understand the reasons for those differences (Yin 2003). Secondly a social phenomenon is understood better when it is examined in the perspective of two or more contrasting settings (Social Research Methods, Alan Bryman third edition pg 58).

We will be using a comparative model of a case study by comparing two contrasting cases one that of National Bank of Pakistan is a Largest conventional bank and other that of Meezan Bank Pakistan limited being a Premier Islamic Bank of Pakistan. Both these institutions represent two contrasting banking systems in Pakistan i.e the Islamic Banking system and the conventional banking system.

Data Collection
The research has used semi-Structured interviews in order to study the phenomenon in detail. Interviews will be used to get an insight about which factors influences an employee to leave the banking job. The challenge in conducting interviews during office settings will be that participants may be occupied with their work-load and may not be able to express their concerns in a relaxed manner. In order to overcome this challenge we will pre-schedule the interview at the time of convenience of the participants and secondly we will conduct the interview at some meeting room or any place in the office which is other than the usual sitting place of the employee. These steps for pre-scheduling and remote locations in office will allow the participants to express their views in a more relaxed setting. After conducting Semi-structured interviews, all interviews will be transcribed, coded and finally themed or categorized. Finally, the connection between these categories will also be evaluated.

Sample size:
Since we are interested in specific information about a phenomenon that may be prevalent to any employee of the both these banks but valid information can be drawn from those who have adequate experience of the work environment of the bank therefore we will use Quota Sampling technique which is defined as “A non-random sample in which the researcher first indentifies general categories into which the cases or people will be selected and then he or she selects cases to reach a pre-determined number of cases in each category” (Social Research methods by Lawrence Neuman Sixth edition). In selecting the participant for this type of interview we will ensure that the participant is relatively a middle management employee (4 to 5 year experience) so that he can share both documented and tacit knowledge. Our samples will be limited by an experience criterion for working in a bank and we will conduct 3 to 4 interviews in each bank. The number of sample size is indicative of the information from the interviews will determine the exact number of interviews required. Two major cities of Sindh Karachi & Hyderabad have been selected for taking a sample and 2 interviews from each Islamic and conventional banks are recorded from the main branches.

Sample Selection Criteria
Exclusion criterion:
All those employees with less than 2 years experience are usually considered as fresh employees, are usually in the phase of job-hunting and may not have spent enough time in the banking environment to be able to relate the job shifting behaviour in the context of banking.

ANALYSIS, FINDINGS AND DISCUSSIONS

DATA ANALYSIS
The analysis was carried out by coding and grouping the data. “This information has been demonstrated in Figure No: 1 so that commonalities and differences in responses for a similar theme could be identified. As the responses of semi-structured interviews received from the respondents, the data was transcribed and coding process was taken on board and the following eight themes emerged from the data accordingly.

Figure No: 1 Building Themes & Categories
(1) **Employee Benefits**: As a result of analyzing the responses, it is determined that employees are very disappointed with the benefits and incentives being offered to them in both Islamic and Conventional banking industry in Pakistan. The employees remain less loyal towards their assignment and organization’s goals when they are less paid.

(2) **High Employee Turnover Rate due to Stress**: Stress, heavy workload and long hours are the key elements those influence employees to look another job opportunity especially in Conventional banking. Stress and heavy workload not only distract the employees from work, but also it may suffer them in severe illness.

(3) **Low Salary influence people to quit banking Job**: Poor salary ranges among employees in both Meezan and National Bank of Pakistan are the main cause of employee’s dissatisfaction and resultantly job quits. As recorded responses by employees, the banking job has a great number of risks, but they do not offer attractive salary packages those commensurate with the risk associated. Most of the companies offer more attractive salary ranges as compared to the Meezan and National Bank.

(4) **Stress free environment and Job Satisfaction**: Increasing trends of fraud, forgeries, mishaps and embezzlements in the banking industry are the key causes in conventional banks and influence employees to quit banking job. When employees are in stress and environment is not conducive, this will make them dejected.

(5) **Banking Job is Hectic but secured**: Most of the employees think that banking job is repetitious and tedious rather time taking. It is very hectic but most often secured. Employees are normally not fired without any substantial event or severe disciplinary action. Most of the employees are quite happy with being secured but at the same time they are also dejected of being stressful.

(6) **Slow Career Growth**: Employees believe that they have very slow career growth in banking sector especially in National Bank of Pakistan which makes them unsatisfied. Besides, they have inflexible banking timings for which they do not give adequate time to their families.

(7) **Proper Reward and Punishment System**: One of the great drawbacks in the banking industry of Pakistan is improper reward and punishment system which is still lagging behind. Such drawback distracts employees from work. Secondly supervisor behavior is another major cause of quitting banking job in Pakistan in Conventional Banking.

(8) **Implementation of Fair Annual Performance Appraisal System**: Annual Performance Appraisal system is only a tool which appraises employees at the end of each year by looking his/her achievements and overall performance during a year. Employees recorded their responses that if annual performance appraisal system is unjustified and only supervisors near and dears are accommodated then how come other employees strive to achieve organization’s goals.

**COMPARATIVE ANALYSIS OF CONVENTIONAL & ISLAMIC BANKS**

Employees seem dis-motivated in the Conventional bank like National Bank of Pakistan and want to switch from other bank or another company because of weak and poor appraisal system and career growth. The bank offers very low salary packages and low fringe benefits. Supervisor’s behavior is another issue faced by employees in National Bank of Pakistan. Resultantly, it leads to high employee turnover.
Employees also seem dis-motivated in Islamic Bank like Meezan Bank in Pakistan because of high stress and workload. Fringe benefits are very ordinary therefore employees are not satisfied. Due to higher stress, employees remain less loyal to their organization and are slow in accomplishing the required goals.

FINDINGS AND DISCUSSION

This part of research aims to presents and discuss the results of the data analysis. Prior to this research, some of the scholars for example (Bertinelli et al, 2008) found that employees salary and benefits are the key elements of higher employee turnover. Consequently, in this research we have also examined that salary and other benefits are main factors which influence employees to switch from one bank to another in Pakistan. The employees can acquire short term and long term goals when they are highly motivated, (Dawal et al, 2009). In this research, it is found that salary; perks and conducive work environment can motivate employees and lead them achieving organizational goals. (Asegid et al, 2014) in their research found that higher employee turnover is always dangerous and organization may lose competent and qualified employees. In our research we have found that competent employees are solid assets, they will sustain within the organization when they are fully satisfied and motivated. Moreover, the organizations will have to provide every possible comfort to their employees and they need to help employees to reduce stress because in stress they will not succeed to achieve the major goals both short term and long term.

Abbasi & Hollman (2000) examined in their research that for greater output and positive results both intrinsic and extrinsic motivations are very important. In our research, we have found that apart from intrinsic and extrinsic motivations, there other factors which make the employees motivated and satisfied these are salary, pay packages, annual increases and conducive work environment.

Pietersen & Omi (2014) in their research explored that two major factors poor annual appraisal system and slow career growth are responsible for the high turnover in the banking industry. In our research, we have also examined that poor appraisal system and slow career growth are the major reasons for higher employee turnover in the banking industry in Pakistan. Our study found that a maximum number of employees quit banking job due to these factors.

CONCLUSION AND RECOMMENDATIONS

The purpose of this research was to explore the employee perceptions toward switching behaviours and factors influencing employees to quit banking jobs in Pakistan. The study concluded that low salary, poor fringe benefits, poor perks, work place environment, poor annual appraisal system and supervisor’s behaviour are the key factors those influence employees to switch from one bank to another or one bank to another corporate firm or entity.

All financial institutions in Pakistan are especially banking industry specifically needs to revamp their existing human resources policies to accommodate all employees and provide them reasonable benefits and environment so that high employee turnover may be reduced.

REFERENCES


