

# Cause of Employee Turnover in the HCMC Wood Processing Industry

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**E**mployee turnover produces bad effects on organizations in forms of loss not only in cash, but also in productivity and mentality of workers who refuse to change their workplace. At present, the employee turnover has become an urgent problem that should be solve in order to stabilize workforces of companies in HCMC, and in the wood processing industry in particular. Examining causes of employee turnover thus becomes a necessary task that can help companies work out feasible measures to reduce the labor turnover rate and improve their business performance.

## 1. Causes of turnover

There are many studies in the world on this subject. Some potential ones are as follows:

- The economy: One of the most common reasons for leaving is the availability of higher paying jobs.

- The performance of the organization: An organization perceived to be in economic difficulty

will also raise the specter of impending layoffs. Workers believe that it is rational to seek other jobs

- The organization culture: This aspect includes the reward system, the strength of leadership, sense of commitment among workers, the sense of shared goal, and friendly working environment, etc.

- The characteristics of the job: A job's attractiveness, including its challenge, importance or chance to promote may affect workers' decision.

- Unrealistic expectations: Many job applicants have unrealistic expectations about the job at the time they receive an offer. When these unrealistic expectations are not realized, the worker become disillusioned and decides to quit. These traits are some of the same characteristics that predict job performance and counterproductive behaviors such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. These traits can be measured and used in em-

ployee screening to identify individuals showing lower probability of turnover.

Causes of turnover can be divided into three basic categories: voluntary exit (this is avoidable); management decision and involuntary exit (unavoidable).

- a. Voluntary exit: Workers decide on voluntary exit because they don't like the job, pay or working conditions, or they disagree with co-workers, or they meet with personal problems (difficulties in housing or means of transport, etc.). Whatever reasons they have, they always think that they can find better jobs in other organizations.

- b. Management decision: The management may decide to fire some workers because of their poor performance, absenteeism, lack of discipline, or disobedience.

- c. Involuntary exit: The workers have to leave because they become redundant, economic recession takes place or the company undergoes restructuring.

My survey aims at discovering causes of turnover among workers in the wood processing industry in HCMC. I work out a list of causes based on the above-mentioned ones and discuss with my group. My survey is carried out in HCMC by interviewing 350 full-time laborers (workers, managers and office employees) of 11 wood processing companies in HCMC through detailed questionnaires.

Of 350 respondents, 252 are workers (73.9%), 47 office workers (13.8%) and 33 managers (9.7%). My survey focuses on workers because their rate of turnover is much higher one



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found among the rest. The wood processing industry has seasonal operation. From April to October, companies producing goods outdoor have no jobs while others working indoor meet with difficulties in securing raw materials because the work of treating wood is difficult in the rainy season. This situation makes their output fall drastically and many workers become jobless or redundant. They have to find other jobs instead of staying in the company. Moreover, no employers want to pay their workers when they do nothing. That is why the turnover rate during the rainy season is particularly high.

## 2. The list of causes of employee turnover

The list of causes of turnover is divided into six factors with 36 variables that are as follows:

(1) Effects of family, friends and personal preferences (7 variables)

(2) Income (6 variables)

(3) Characteristics of the job (6 variables)

(4) Facilities and working conditions in the company (9 variables)

(5) Human relationships in the company (6 variables)

(6) Other causes (5 variables)

The list is initially checked by using the Cronbach's alpha about

the reliability and Exploratory Factor Analysis (EFA) through the software SPSS. Results show that the EFA extracts six factors at the eigenvalue of 1.01 and the extracted variance is 64.9%. Thus the factor 1 (effects of family, friends and personal preferences) is removed. This factor may lack characteristic features or includes contradictions. The factor 2 (income) is divided into two new factors: income; and estimates of reward and benefit system.

After the initial analysis, this list of causes of turnover comprises 24 observed variables measuring six factors: (1) Income (measured by 2 observed variable); (2) Estimates of reward and benefit system (measured by 3 observed variable); (3) Characteristics of the job (5 observed variable); (4) Facilities and working conditions in the company (5 observed variables); (5) Human relationships in the company (7 observed variables); and (6) Other causes (2 observed variables).

The list of causes of employee turnover in the wood processing industry

(1) Income

- Unstable income

- Low income

(2) Estimates of reward and benefit system

- Unreasonable reward system

- Low pay for demanding and challenging jobs

- No benefit added to the salary

(3) Characteristics of the job

- Lack of attention to training and development of human resource

- Lack of special treatment to skilled laborers

- Jobs inappropriate to skill and ability

- Lack of chances to get promotion

- Inappropriate working conditions (many overtime working hours for example)

(4) Facilities and working conditions

- Unsafe or dangerous jobs

- Old machines and equipment that leads to accidents easily

- Polluted environment

- Jobs inappropriate to workers' health

- Heavy jobs

(5) Human relationships

- Managers' lack of respect for employees

- Conflict between employers and employees

- Inability to do teamwork because of personal disputes

- Lack of job satisfaction

- Employers' inability to listen to employees

- Lack of attention to employees' living standard

- Difficulty in taking children, to and from, school

(6) Others

- Desire to work for bigger companies

- Desire to work in foreign - invested companies

HCMC-based companies in the wood processing industry should pay full attention to these causes of employee turnover in order to work out feasible measures to reduce harmful and costly changes in their workforce and retain skilled workers. ■



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