



M.S. in Human Resource Analytics & Management

HRAM 700: Human Resource Analytics & Management Capstone

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Topic: - Analyzing the impact of pay on Sales Team Turnover at Union Bank .

Abstract

The Research Project aims to analyze the impact of pay on employee turnover in the bank's retail sector. This study is particularly relevant to Union Bank as it investigates the relationship between salary levels and turnover rates, with the objective of understanding how pay influences employee retention. The literature review will explore existing research on turnover and pay to establish a solid foundation for the study.

To conduct the research, a comprehensive approach was taken, employing both quantitative and qualitative methods. The research findings will present the outcomes of the data analysis, explaining the impact of pay on sales team turnover at Union Bank. Finally, this report will provide valuable insights and recommendations for Union Bank to improve employee retention and reduce turnover costs.

Introduction

Union Bank has built a brand reputation because of our commitment to our culture of service, which is relationship-based, entrepreneurial, and efficient. We have also remained devoted to our vision of being one of the highest-performing banking companies among the ten most significant in the United States.

Further, we are mindful of our mission of excellence in service to our employees, customers, shareholders, and communities. Our employees are the backbone of our company's performance. However, in the recent past, high turnover rates have been recorded in the retail sector of the bank comprising of Sales Associates and Sales Associate Supervisors; this can have significant impacts on organizational performance, increased cost of recruitment, and training of new hires. Also, it can indicate other underlying issues within the organization, hence, it is crucial for the Bank to understand the reasons behind Sales team Turnover and implement strategies to improve employee retention. (NetSuite.com. (n.d.).

The banking industry is known for its demanding work environment, competitive salary, and high expectations for meeting sales goals. Employee turnover is a common challenge across the industry. Understanding the industry benchmarks is essential for the Bank to evaluate its performance accurately, identify areas of improvement, and implement strategies to attract and retain top talent. (Deloitte. (2023, October 2

Literature Review

Van Zyl explains that, in service-oriented industries such as banking, people are considered among the most critical assets of a firm. Forward-thinking banks are looking for ways to leverage people, processes, and technology to achieve their objectives. Employee expectations are changing which is forcing organizations to place a greater emphasis on talent management strategies and practices. Employees rarely quit on the spot; they become dissatisfied and disengage for a while before leaving. However, from the moment of disengagement, most employees are no longer as dedicated or productive as they once were.

One common cause of high employee turnover rates is low pay and benefits packages. When a worker is employed in a low-wage position with limited benefits, there is little incentive to stay, if a similar employer offers even a slightly higher rate of pay. Also, workers who make more but whose salaries fall short of the going market rate may feel undervalued at their current companies and look for a company that will pay them what they're worth (Firth et al., 2004).

Further, Per Van, H. T., & Nafukho, F. M. (2019), a lack of appreciation and better compensation and benefits elsewhere are some of the main factors contributing to employee turnover in banking. The paper also highlights the impact of Employee turnover, which leads to the depletion of organizations' inventory of skills and forces them to hire replacements to sustain productivity (Jix & Britt, 2008).

According to Boswell, Shipp, Payne, & Culbertson, when new hires join organizations, it takes them time to learn and perform tasks to the desired productivity. There is empirical evidence that even good workers experience a drop in the level of job performance following new

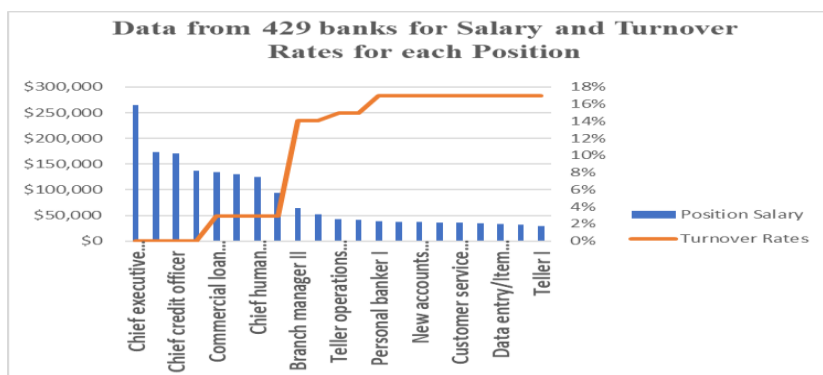
employment. This implies that the organization's productivity will be reduced upon new hires' arrival, and the reduced new hire's productivity will be the highest cost.

Research Methodologies & Data Collection

The research methodologies for this study involve a combination of quantitative and qualitative data analysis. This approach allows a comprehensive analysis of the impact of pay on employee Turnover at Union Bank by combining the strengths of both research methods. Further, the data for quantitative analysis is collected from existing reports on employee turnover rates for different positions in the banking industry, as shown in the graph below (*Illustrative chart 1.0*). Additionally, journal articles and industry reports are used for qualitative analysis to understand the factors influencing turnover in banking.

Illustrative chart 1.0:

The graph shows the relationship between salary and employee turnover rates for each position. It indicates that as salary increases, turnover rates tend to reduce. This can be explained by the concept of employee motivation. When employees are offered higher salaries, they feel more valued and rewarded for their work. This increased financial incentive can lead to higher job satisfaction and loyalty, reducing the likelihood of employees seeking other jobs.

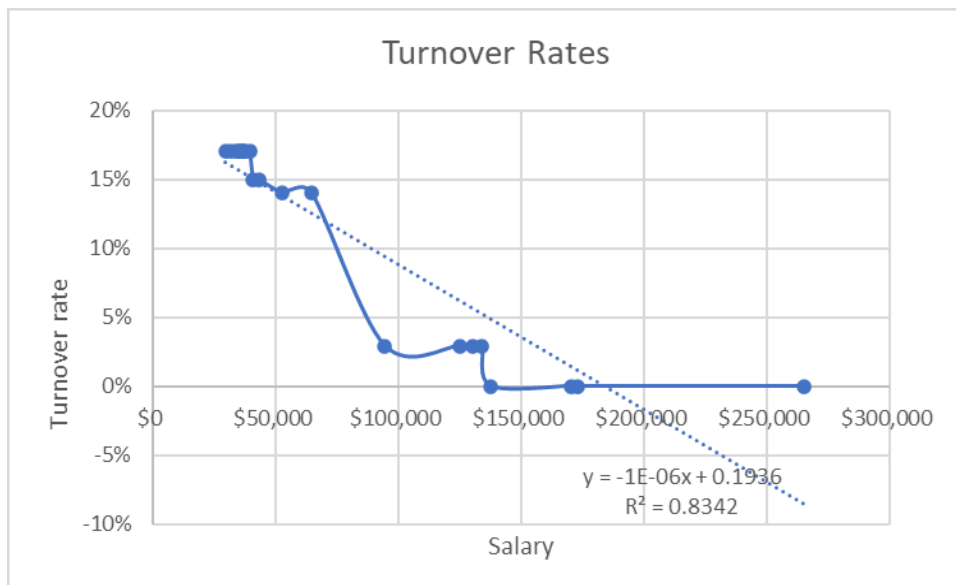


Data Analysis

The data were analyzed in a variety of ways. First, I employed quantitative analysis, where I carried out linear regression as a statistical technique to examine the relationship between a dependent variable and an independent variable. In analyzing the correlation between salary and employee turnover in the retail sector of the Bank, the selected hypothesis being tested is whether there is a significant correlation between salary and Turnover rates. As shown in Fig 2, the calculated $R^2=0.8342$ provides evidence to support the hypothesis, meaning 83.42% is a high value indicating a strong correlation between salary and Turnover rates. This indicates a negative or inverse correlation between the two variables. A negative correlation means that the other variable tends to decrease as one variable increases.

Illustrative chart 2.0: **Results of Regression Analysis**

The graph displays the results of a linear regression analysis that examines the correlation between salary and turnover. The analysis reveals a regression trend line with an R-squared value of 0.8342. Additionally, the scatter plot line indicates that turnover tends to increase as salary decreases.



Secondly, I explored Qualitative analysis by categorizing the data collected from journals, articles, publications, and industry reports to get in-depth insights on employee turnover, underlying factors contributing to employee turnover in Banking, and recurring patterns related to turnover and salary disparities between different positions.

Findings

The analysis results indicate a negative correlation between salary and employee turnover in banking. In this case, as salary increases, the turnover rates decrease. This suggests that Sales employees are more likely to stay in their jobs or be less inclined to leave when they are offered higher salaries. The correlation implies that low salary pay is a contributing factor to the high turnover rates in the bank's retail sector.

Employees in sales positions are not adequately compensated compared to other bank positions. Employees who are not adequately compensated for their work may become dissatisfied and seek better opportunities elsewhere. Further, other findings suggest that organizations that offer higher salaries tend to have lower turnover rates than those with lower salary scales. Union bank must consider competitive salary packages that align with the values of employee contributions.

Strengths of the Research

The study utilizes existing reports on employee turnover rates and salaries, providing a broad overview of the topic across different positions and the incorporation of both qualitative and quantitative analysis, which provides a more holistic understanding of the topics.

Limitations of the research methodology

The Reliance on existing reports, for quantitative data have limitations in terms of data quality and representativeness. It is also important to note that correlation does not imply causation there are other factors such as job satisfaction, organizational culture, career growth opportunities that may influence turnover.

Additionally, the generalizability of the findings may be limited to the specific context of the banking industry. Also, the study incorporates qualitative analysis using journals and industry reports only and the absence of primary data collections method such as interviews and focus group discussion which may limit the depth of understanding and insight gained from the analysis.

Summary of Strategies

As highlighted above, one key reason for Sales employee Turnover is the lack of competitive compensation. To retain the top talents, we propose the bank consider offering balanced extrinsic and intrinsic compensation. Extrinsic compensation, in terms of attractive salary packages and performance-based bonuses, promotes employees' financial needs and provides a sense of security. On the other hand, Intrinsic compensation includes the involvement of the sales team in branch decisions and recognition for their inputs, which promotes employee satisfaction, motivation, and engagement. It is essential for the bank to strike a balance between these two forms of compensation to create a well-rounded and attractive compensation package.

Further, these propositions will improve the team's psychological climate, increase the employees' work efficiency, and increase their level of loyalty to the bank. It should be noted that loyalty is an important human resources management tool. It develops at a high level when

group of people in a big team works to achieve the overall goals and interests of the bank and when employees desire to contribute to the development of a banking institution.

Justification of the solutions

Employee turnover imposes significant financial costs on organizations. The costs of recruiting, hiring, and training new employees can be substantial. Moreover, the loss of experienced employees can result in decreased productivity, increased errors, and reduced customer satisfaction, all of which can have a negative impact on the bank. This can result in lower customer satisfaction and potential loss of business. In the case of Union Bank, the Voluntary turnover of employees in 2023 created a vacancy of 1170 positions, 23 positions for involuntary replacement, and six positions for maternity leave separation, totaling 1199 positions opening out of the 1,500 hired at the beginning of the year. The turnover rate is also higher than how fast we can replace those employees in a critical sales position. The Total Turnover cost is illustrated below,

Illustrative Table:3.0

Union Bank Total Turnover Cost						
Hard Cost	Average Cost	# of Employees				
Severance packages per employee	\$3,000.00	23	\$69,000.00	N/B only Involuntary Turnover		
Exit interviews cost per employee	\$100.00	1199	\$119,900.00	N/B Voluntary Turnover		
Training and Development	\$400.00	1199	\$235,200.00			
Vacancy position coverage cost	\$800.00	1199	\$959,200.00	N/B Total Turnover		
Recruitment expenses	\$250.00	1199	\$299,750.00			
Soft Cost						
Lost Productivity	\$200.00	1199	\$239,800.00			
Total Turnover Cost Estimates			\$1,922,850.00			

Stakeholder Participation

Stakeholder participation is critical for the success of this project as it ensures that the strategy aligns with the needs and expectations of all relevant parties.

Stakeholders

Primary Stakeholders: Sales Team Members: They are primary stakeholders in the project as they are directly affected by turnover rates and compensation practices. Their input and feedback are essential in understanding the factors that contribute to turnover within the sales team and identifying the types of compensation that would improve employee retention, specifically for sales roles.

Secondary Stakeholders: The HR department is responsible for designing and implementing compensation strategies. Their expertise and knowledge are crucial in developing a comprehensive and effective plan to address turnover within the sales team. Involving HR professionals ensures that the strategy is aligned with best practices and legal requirements while also considering the sales team's specific needs.

Focal Stakeholders: Senior management, including executives and directors, are focal stakeholders as they are responsible for the organization's performance and profitability. Their support and buy-in are essential for successfully implementing the compensation strategy. Involving senior management in the project ensures that the strategy aligns with the organization's strategic objectives and receives the necessary resources and support.

Communication Strategy for garnering Support and Buy-in

The first strategy to garner support and buy-in for addressing the sales team turnover at Union Bank is to Explain why addressing the sales team turnover is important for the organization and how it aligns with the broader goals and objectives. Emphasize its impact on sales performance, customer satisfaction, and overall organizational success.

Secondly, we Identify, craft, and tailor key messages that must be communicated to stakeholders; the messages will highlight the reasons behind the turnover, the proposed solutions, and the potential benefits for the organization, employees, and customers.

Thirdly, we will select the most appropriate communication channels to reach each stakeholder group. This could include in-person meetings, team huddles, email updates, newsletters, intranet platforms, and social media.

Finally, engage leadership to gain the support of senior management and key decision-makers early in the communication process. Here, we present a compelling case for addressing the sales team turnover and its potential impact on the organization's success. Seek their endorsement and involvement in the communication efforts to lend credibility and influence on the message.

Conclusion

In conclusion, the turnover of the sales team is one of the key problems that needs to be resolved. The bank needs to look more closely at its system of motivation, the recruitment procedure, and the effectiveness of its strategic and tactical planning system

Appendices

1.0 Project Implementation Timelines

We used the research task list to create a proposal Implementation plan. Below are the major milestones and timelines.

Project implementation plan			
Research Topic: Analysing Impacts of Sales Team Turnover at Union Bank			
Activities -Research Project Proposal	Start Date	End Date	# Days
Project Planning and preparation	4-Mar-24	10-Mar-24	6
Define the scope and the Project goals			
Develop project timelines and milestones			
Literature Review	11-Mar-24	17-Mar-24	3
Conduct comprehensive Review of Literature on the topic			
Research Methodologies & Data Collection	18-Mar-24	24-Mar-24	6
Collect Relevant Data from existing Literature,Journals,Industry Reports			
Determine Appropriate Qualitative and Quantitative Research Methods			
Research Findings and Data Analysis	25-Mar-24	28-Mar-24	12
Data Cleaning, Analysis and Interpretation			
Research Findings and Drafting Report			
1st Draft Report			
Strength and Limitations	29-Mar-24	31-Mar-24	2
Document Strengths and Limitations of the Research Methods			
Solutions Proposal	1-Apr-24	7-Apr-24	2
Propose Solutions to adress Sales Team Turnover at Union Bank			
Justification of Turnover with Cost Implication	8-Apr-24	11-Apr-24	2
Analyze the financial impact of turnover in Banking			
Calcualte the cost implications of Turnover rates at Union Bank			
Stakeholder Participation	12-Apr-24	14-Apr-24	2
Do stakeholder Analysis to identify stakeholders based on their interest			
Communication Strategy for implemtation	14-Apr-24	16-Apr-24	2
Create comrehensive communication strategy for implemting research findings			
Project Presentation and Final Reports	17-Apr-24	26-Apr-24	9

2.0 Brief Reflection on Peer Feedback

My Peers provided some valuable insights and suggestions for improving the paper. Truc Mentioned that some specific turnover rate information may be confidential to organizations. I can find industry data publicly available on the US Bureau of Labor Statistics website. She also shared a link to an article on turnover survey data by SHRM, which could provide more detailed information.

Additionally, Kristen suggested exploring other factors that can enhance retention rates in the banking industry. She appreciated the specificity of my research task list. She believed that it could help organizations get a broader understanding of the turnover rate in the industry and its impact on the organization. However, she raised the question of whether narrowing the focus to a specific group within the banking sector, such as non-officers and officers, would help identify challenges and find better solutions.

Kristen also suggested adding an Abstract to my paper, explicitly stating the problem and defining the hypothesis or theory I am trying to test. Additionally, she recommended including a reference to the dataset used for analysis.

Overall, I appreciated the constructive feedback from my peers and incorporated changes such as including industry report data for analysis; I narrowed down the focus of my study to Sales Associate and Sales Associate Supervisors; I added an Abstract to provide a summary of my paper, I highlighted the hypothesis being tested for data analysis, and I included the reference for the data materials used for the research.

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