

## EMPLOYEE TURNOVER IN FAST MOVING CONSUMABLE GOODS COMPANIES OF PAKISTAN

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### ABSTRACT

*One of the primary concerns for scholars and business organizations is Employee Turnover (ET), which has become a challenging topic for managers and organizations due to its association with high costs of recruiting, developing, and training new employees and its potential to cause severe repercussions in achieving organizational goals. This study aimed to identify the factors that influence ET in Fast Moving Consumable Goods Companies (FMCGs) in Pakistan. To achieve this, the study designed a theoretical framework and conducted a literature review on Compensation and Benefits, Leadership, Career Opportunities, Culture, and Employee Turnover. The study assessed the relationship and impact of independent variables (Compensation and Benefits, Leadership, Career Opportunities, and Culture) on the dependent variable (Employee Turnover) using a survey questionnaire administered to 280 respondents through convenience sampling. SMART PLS was used to analyze the data. The study found that among the selected variables, only Compensation and Benefits had a significant impact on Employee Turnover in FMCG Companies in Pakistan.*

**Keywords:** Employee Turnover (ET), Compensation and Benefits (CB), Leadership (L), Career Opportunities (CO), and Culture and Fast Moving Consumer Goods (FMCG).

### INTRODUCTION

Top-performing organizations prioritize the well-being of their employees as they recognize them as valuable assets that drive the company's success and profitability by achieving exceptional outcomes. The top management of these organizations places a high emphasis on their employees' satisfaction and retention by offering them incentives and benefits to recognize and reward their contributions to the company's accomplishments.

Globalization, technological advancement, growing competition, and market trends are continuously changing the spectrum of the FMCG Industry. However organization focuses on their employee as human talent is a valuable resource that is difficult for competitors to steal or duplicate, it has become the firm sustainable competitive advantage in modern times. Organizations may experience increased direct and indirect costs due to employee turnover, which can be both disruptive and expensive. Employees are the assets of an organization it is the employees that make an organization effective and efficient to achieve its goals and objectives. Employees are an organization's most valuable and significant resources because they provide a competitive advantage to an organization, making it essential for every business to keep them on board. In this phase of globalization, managing employee turnover has become a difficult task for any business association (Al-Suraihi, Samikon, Al-Suraihi & Ibrahim, 2021). It is important for organizations to ensure that their employees are happy and productive in order to get the best results. Organizations must create a positive workplace culture that encourages collaboration, innovation, communication, and respect. This will ensure that employees are motivated and engaged, leading to higher productivity.

The problem of ET is a global issue, and different countries have devised distinctive approaches to retain their valuable employees and staff. This is crucial for ensuring the smooth functioning of

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organizations, and it is a challenge faced by people worldwide. Businesses typically invest a significant amount of resources in attracting, retaining and promoting their employees by providing them with various perks and benefits. According to Smith (2018), Companies aim to boost profits by maintaining their operations and productivity while reducing the turnover of employees.

ET leads to a decrease in morale and productivity, decreased customer service, and increased expenses due to the cost of hiring and training new employees and may lead to a decrease in customer loyalty and brand recognition since customers will be less likely to recognize the company's products and services if staff is constantly changing. ET can consequently lead to a decrease in innovation and creativity, since new employees may not have the same level of experience or knowledge as their predecessors. According to Al-Suraihi, Yusuf and Al-Suraihi (2020), a high turnover, as well as a high amount of money that is both direct and indirect, would be a disaster for the business. The success and growth of any organization heavily depend on its human capital, which also offers a way to gain a competitive advantage. Human Resource Managers of an organization should pay attention to these aspects that could affect employee turnover and it can also affect organizational development. According to Rodjam, Thanasisuebwong, Suphuan, & Charoenboon (2020), employee turnover is a significant problem, particularly in the human resource field. It is very difficult for an organization to meet the basic needs of an employee and provide a decent workplace and other benefits. The corporate world is experiencing changes as a result of increased progress. Around the world, not only the methodologies are changing, but also attitudes and the environment. Maintaining systems and motivating the workforce has gone through many stages and advancements (Khan, 2021). Therefore, in order to produce better results in the future, organizations must evaluate and track each employee's performance. Any organization's success is directly impacted by how well its employees perform. Organizations are better able to control the productivity and profitability of their workforce when they have a clear understanding of how employee performance affects them. Effective management can help businesses increase profits and frequently meet their financial goals.

The employee would have a significant impact on an organization's competitiveness, is a claim (Ongori, 2007) providing benefits like competitive pay and benefits, a positive work environment, and health insurance is among the most popular ways to keep an employee. Offering employees adequate training and expanding career opportunities, it frequently enhances performance and productivity. In charge of managing their employees' performance are leaders and supervisors. Employees are currently the main source of strength for any organization. According to Al Mamun & Hasan (2017), as their constant effort and hard work help in the effective and efficient achievement of organizational goals. An employee's motivation determines whether or not he or she is satisfied with his or her job. However, productivity levels rise when workers are encouraged and valued, which helps the organization achieve its objectives and further develop its strategy. The subject of how people respond to it is complex in nature and difficult. Employees are, in fact, influenced by the environment and culture of an organization.

There is a server factor that causes an employee to leave an organization which includes compensation and benefit, leadership, career opportunities, and culture.

### **Background of the Study**

Employee turnover is a major issue that has been faced by the HR department of an organization as higher management of an organization is looking for retention strategies to keep their staff members by providing their different benefits and winning the loyalty of their valuable staff. The organization's objective and goal are affected due to employee turnover as it affects the overall operation of the organization, when there is a high employee turnover rate organization becomes weak (Rahman, 2015). However, researchers are interested in examining the elements that affect employee retention and labor turnover, and these elements include compensation and benefit, leadership better career opportunities and workplace culture, and other factors. Today's businesses compete with one another to retain workers for longer periods of time. These days, businesses prioritize hiring the best candidates in order to retain their best employees. In order to achieve high performance and the standards for achieving organizational productivity, employers should use strategies that are advantageous to both them and their current workforce (Kossivi & Kalgora., 2016).

Employee turnover has also become a challenging problem in multinational companies. As Organizations heavily rely on the quality of human resources to build and maintain a competitive edge

in today's dynamic and unreliable global economy (Makhdoom, Shah, & Jamali 2020). Employee turnover causes an organization to bear direct and indirect costs as well as the loss of intellectual property (O'Connell & Kung, 2007). Therefore, managing staff turnover and retention is a top priority for organizations to improve the sustainability and growth of their business.

The concept of retention plans aims to ensure stability and productivity among the workforce in order to contribute to lowering the employee turnover rate. This is done by the organization taking steps to create the right conditions for its talented employees, preventing them from moving to other local or international companies (Malik, Akhtar, & Ghafoor, Chang, Tian & Yan 2018). According to Aburumman, Salleh, Omar, and Abadi (2020), FMCG companies have issues with workers quitting their jobs and the percentage of workers quitting their job is raising each year. A common perception of the workplace that should be avoided from an HRM perspective is the high level of employees who intend to leave. Even though there isn't a single, widely accepted explanation for why employees leave their jobs (Akhtar, 2019), numerous studies have determined the variables that affect employees' intentions to leave their job.

In FMCG Companies, employee turnover can be caused by a variety of factors, including low wages, lack of job security, lack of career development opportunities, poor working conditions, a lack of recognition or rewards, poor management, and a lack of job satisfaction. To reduce employee turnover, FMCG companies should focus on creating a positive work environment and providing employees with training and development opportunities. Additionally, they should ensure fair wages, job security, and recognition or rewards for employees. Companies should also strive to promote a healthy work-life balance, provide meaningful feedback to employees, and ensure effective communication between management and employees.

### **Problem Statement**

Existing research has shown that employee turnover has been rising alarmingly. Due to a high rate of turnover, the business must hire new staff, which raises the cost of doing business. As a result, new hires must adhere to all standards in order to fulfill the position's requirements and expected duties. The hiring, development, and training of new personnel will cost a huge sum of money (Al Mamun & Hasan, 2017).

According to Melaku (2014), offering benefits as well as managing employees' work-related stress could aid businesses in lowering employee turnover and boosting employee retention. Employers should offer career chances to employees to satisfy their need to grow and enhance their learning, which also benefits the business in the long run, in order to gain or increase their commitment and keep them for longer periods of time. Gaining the trust of employees and keeping them in the organization rather than having them leave also requires supervisor support (Arokiasamy, 2013). Therefore, the purpose of this study is to determine how factors like compensation and benefits, leadership, career opportunities, and culture possibilities may affect employee turnover in FMCG companies in Pakistan.

Many studies have looked up the factors that influence employee turnover and employee retention, Researchers have studied which factors affect employee turnover and employee retention in different industries such as a bank, textile, telecom, paint and business organizations (Rehman, 2015), (Haider, Rasli, Akhtar, Yusoff, Malik, Aamir, ... & Tariq, 2015), (Rodjam, Thanasrisuebwong, Suphuan, & Charoenboon, 2020) however, there has been less attention given to the FMCG Companies of Pakistan that which factors influence the employee turnover.

### **Research Question**

- i. What will be the impact of compensation & benefits on employee turnover in FMCG companies in Pakistan?
- ii. What will be the impact of leadership on employee turnover in FMCG companies in Pakistan?
- iii. What will be the impact of career opportunities on employee turnover in FMCG companies in Pakistan?
- iv. What will be the impact of culture on employee turnover in FMCG companies in Pakistan?

### **Research Objectives**

- I. To assess the impact of compensation and benefits on employee turnover in FMCG Companies
- II. To investigate the impact of leadership on employee turnover in FMCG Companies
- III. To determine the impact of career opportunities on employee turnover in FMCG Companies
- IV. To examine the impact of culture on employee turnover in FMCG Companies.

### **Scope**

The focus of this study is on organizational factors such as compensation and benefits, career opportunities, leadership, and culture and how they influence employee turnover in FMCG Companies of Pakistan in Karachi. This study specifically focuses on middle-level employees working in FMCG companies, however, due to the limited time, limited data availability, and limited funds; the scope of this research is limited to FMCG Companies in Karachi.

### **Significance of Research**

The primary goal of this study is to examine the variables that affect employee turnover in FMCG companies. The results of the study will help organizations develop effective retention strategies based on the variables that have the biggest effects on employee turnover. This will help the organizations keep their technical and professional employees who work day and night to achieve personal and organizational goals. In order to counter the negative effects of employee turnover, such as high costs associated with hiring new employees, training them, and delaying the development of the business, it will also provide useful information on how to increase employee loyalty towards the organization.

### **REVIEW OF LITERATURE**

Every achievement and disappointment of an organization is directly related to the performance of its employees. The organization's success and failure directly depend on its employee. In order to develop and inspire employees, management must recognize the value of their employees. The emphasis is on successfully completing tasks, effectively and efficiently using resources, and ensuring that each individual does their best to support organizational success. This chapter comprises information related to employee turnover in FMCG companies. According to previous studies compensation & benefits, leadership, career opportunities, and culture are the main factors that cause an impact on employee turnover. It has always been challenging for an HR manager to retain their employee and minimize employee turnover because it raises the cost of recruiting new employees, by lowering and reducing employee turnover in the workplace as it involves encouraging employees to stay with the company. Various studies have identified, in order to maintain the workforce of the company, factors like compensation and benefits, leadership, career opportunities, and culture. It has also been discussed how such factors could maintain an organization's human capital. Through the analysis of prior studies that focus on the interactions between all of these variables and emphasize the related impacts of all these variables. The study is being conducted to determine the factors that affect employee turnover. The purpose of this study is to identify the most important factors that influence why employees leave an organization and how these factors might be taken into account when developing a retention strategy to keep employees and lower employee turnover. (Makhdoom, Shah & Jamali 2020) Employees play a significant part in ensuring the success of the business by supporting business continuity. Many businesses struggle with the high costs of employee turnover. In terms of recruiting, training, and lost productivity, studies show that employee turnover can cost up to 20% of salary, though some estimates are much higher. 1 Business frequently develop their compensation plans to encourage longer employee tenure in response to these high costs. To improve the working environment for employees, businesses also invest in it and provide non-cash benefits like free lunches or access to fitness centers

Akhtar (2019) claims that compensation is the primary cause of employee turnover, with 55% of workers quitting their jobs to accept positions with higher pay. In fact, numerous studies demonstrate a connection between competitive compensation packages and higher retention rates. According to recent research from Harvard University, raising wages for workers by just one dollar an hour increased employee retention by 2.8%. The findings also indicated that a 28% increase in turnover was brought on by every dollar per hour pay loss.

A better work-life balance, professional development opportunities, remote or hybrid work opportunities, and jobs that will give them a stronger sense of purpose are among the reasons that many employees leave their jobs. While it is true that employees are looking for less tangible benefits in their job searches today, compensation continues to be an important element in engaging and keeping employees because it meets their most fundamental needs. Employee retention is higher when their needs are met by a company. Employees are motivated to perform their work well when they are fairly compensated for it, whether through pay, benefits, or other employee perks.)

One of the most difficult problems that organizations face is employee turnover. According to a large body of research, poor relationships between leaders and managers at work and their subordinates are the main cause of turnover. However, studies that appear to be in conflict seem to indicate that employees leave their employers. An organization's costs are increased by a high employee turnover rate, which also has a significant negative impact on productivity as a whole. A high number of employees quitting rapidly affects the company's reputation. It also takes time and money to hire new employees, train them, and bring their skills up to par with those of seasoned professionals.

### **Employee Turnover**

Employee turnover is becoming a critical issue for businesses that want to retain their valuable staff members & workers and avoid the high costs associated with hiring new employees and training them, which could potentially delay the company's progress toward achieving its objectives. Although there are both positive and negative effects of employee turnover, the positive effect includes improved performance and a reduction in entrenched conflict, the negative effects are more significant and include the previously mentioned high costs of recruitment and selection, training and development, and operational disruption. As turnover affects various areas of an organization. First of all, employee turnover affects the entire operation of an organization. The second impact of employee turnover is expensive. Finding the best talent for a market-competitive annual salary is expensive, as both the hiring process and onboarding are time- and money-consuming. Thirdly, the company's culture and morale suffer when employees leave. Employee morale is raised and genuine teamwork is encouraged by a strong company culture. As per the report, in the July 2022 Bureau of Labor Statistics, 1.4 million people were laid off, and 4.3 million people left their jobs. As a business, it's critical to understand why this is happening, how it might affect organization operations, and most importantly, how to react. Employees leave companies for a variety of reasons. Some people leave their jobs due to low pay, low compensation and benefit as compared to competitors, a lack of career opportunities advancement, and a sense of disrespect from leaders, while others do so because they are moving to a different city or country.

According to studies, turnover is causing major issues, Due to the high expense of hiring a new employee and the loss of organizational effectiveness, the turnover of skilled employees in organizations has become one of the major issues. When employees leave an organization, one of the biggest concerns for academics and professional researchers is that the organization will suffer. Reducing employee turnover is one of the biggest challenges facing human resource departments in businesses today. Proving an employee less compensation and benefit, lack of leadership, lack of inadequate career opportunities, and lack of adequate culture are some of the most prominent factors that cause an employee to leave or change organizations. Hiring talented employees is crucial for businesses to succeed in order to gain a competitive edge and stay in business Rodjam, Thanasrisuebwong, Suphuan, & Charoenboon (2020)

Plans for training and development can help the organization to keep employees. Low pay and insufficient benefits frequently cause employees to leave them. High employee turnover is a symbol of the hazardous and uncertain nature of the workforce's livelihood. It also denotes bad policies or mistreatment of workers, which can lead to failure and organizational chaos. According to the studies, Good benefits, career development programs, good leadership and supportive supervision, workplace environments, mutual communication among organization members, adaptable work hours, active participation of employees, and effective team building were mentioned by (Nasir & Mahmood, 2016). These elements boost an organization's profitability while decreasing the reasons for employee turnover.

### **Compensation and Benefits**

Compensation and benefit are one of the most important elements, Compensation, and benefits are two of the most important factors that can affect employee turnover. When employees feel that they are not adequately compensated or not provided with adequate benefits, they may decide to leave a company and look for a new employer where they can receive better compensation and benefits. According to research, when employees feel that they are not compensated fairly or not provided with adequate benefits, it can lead to higher turnover rates. Employees may decide to leave a company if they feel that their salary or benefits are not comparable to what they could receive from another employer. This can lead to higher turnover costs for the organization, as recruiting and training new employees can be time-consuming and expensive. Organizations should ensure that their compensation and benefits packages

are competitive within the marketplace in order to retain their employees. Organizations should also regularly review and update their compensation and benefits packages to ensure that they remain competitive in the marketplace and attractive to potential new hires. Additionally, organizations should strive to create an environment where employees feel valued and appreciated for their contributions to the organization, as this can also help to reduce employee turnover. According to Al Mamun & Hasan (2017) competitive benefit is essential. Employers must know the compensation they are providing for specific positions in comparison to the compensation provided by other companies in the market. Bryant & Allen (2013), came to the conclusion that a combination of factors, including unattractive compensation and benefits packages, can cause employees to quit their jobs. The relationship between compensations & benefits and retention has been the subject of numerous studies. According to some researchers, when employees are happy with their compensations & benefits, they are more likely to stay and work for the company.

Employees need compensation allowances from their employers because they believe that their material needs are also important. Managers must be aware that they cannot retain their best employees based solely on salaries and benefits offered to them. Employee turnover that is not handled and considered properly results in high costs. Organizations must ensure that their compensation and benefits packages remain competitive in order to attract and retain employees. Regularly reviewing salaries, providing competitive benefits, and offering performance-based bonuses or raises can all help reduce turnover.

According to Zafar. S., (2016), compensation and benefits can be a powerful motivator for employees to stay, but they can also become a source of dissatisfaction if the company does not keep pace with the changing economic environment or with industry standards. If the company fails to provide competitive salaries, bonuses, and other rewards, employees may become resentful and dissatisfied, and this can lead to an increase in employee turnover. In addition, if the company's benefit offerings are inadequate or not competitive, this could also lead to an increase in employee turnover. Furthermore, if the company fails to recognize and reward employees for their hard work and efforts, this could contribute to a lack of job satisfaction and lead to an increase in turnover. Fortunately, there are a lot of other strategies available that could assist managers in keeping their talented staff members without incurring any additional costs.

### **Leadership**

Leadership plays an important role in employee turnover. Effective leadership can help reduce employee turnover by creating an environment where employees feel valued and appreciated. Leaders who are effective communicators and demonstrate empathy, understanding, and respect for their employees can foster a sense (Iqbal, Guohao & Akhtar, 2017) of security, loyalty, and motivation that can lead to greater job satisfaction and decreased turnover. Leaders also have the responsibility to create and maintain an organizational culture that is conducive to employee retention. This includes providing competitive salaries and benefits, offering meaningful professional development opportunities, and providing recognition and rewards for employees' efforts. Leadership should also focus on creating a culture of respect and trust where employees feel comfortable expressing their needs and issues. When employees feel their needs are being met and their contributions are valued, they are more likely to remain with the organization.

The common idiom "people quit their jobs because of bad leadership" is a good example of how important leadership is in modern organizations. The right kind of leadership is crucial to creating and keeping a dependable and effective workforce. Furthermore, effective leadership improves an organization's performance and effectiveness (Shami, Ali & Rehman 2015). Leaders are useful operational tools because they collaborate with others to achieve the best outcomes for the organization with the fewest inputs and resources. A capable leader motivates the group and guides followers toward achieving goals.

Leaders use their influence to persuade followers to work toward goals and maximize outcomes within the organization. The influence element involves the leader's own actions, not power, which have an impact on the followers' behavior and actions. The influence factor refers to the leader's own actions that have an impact on the followers' behavior and actions rather than the leader having control over the followers and guiding or directing them to the goals the leader wishes to achieve. Success typically comes from followers imitating the leader's actions and behaviors. So it is important for the

organizations like FMCG Company to have an effective leader, as leaders who are effective at building relationships and creating a positive work environment have employees who are more satisfied and less likely to leave. Leaders should focus on engaging employees by providing meaningful work, recognizing their accomplishments, and providing feedback. They should also create a culture of trust and open communication that encourages employees to voice their concerns and ideas. Additionally, leaders should strive to create an environment where employees feel supported, empowered, and appreciated. These factors can help reduce employee turnover and create a more productive and successful workplace.

### **Career Opportunities**

Career opportunities play a very important role in retaining an organization's valuable staff, Employees that have the opportunity to advance their careers and gain new skills are more likely to stay with a company. This is because they feel valued and appreciated and have a sense of purpose in their work. When employees feel they have a chance to progress and improve their skills, they are more likely to stay with the company. Additionally, when employees have the opportunity to become leaders or take on additional responsibility, they are more likely to remain with the company as they see the potential for growth. However, when employees feel that they have reached a dead end in their current role, with little to no career opportunities to progress, they become frustrated and may start to look for other opportunities. Without the prospect of career advancement, employees can become disengaged and are likely to leave the organization in search of a new job. This is a significant issue because it can lead to high employee turnover and a loss of valuable skills and knowledge. In order to prevent this, organizations should have clear career paths in place and ensure that employees have access to training and development opportunities so that they can progress in their careers. Additionally, organizations should engage in regular performance reviews to ensure that employees are aware of their progress and any potential opportunities for advancement. According to Hossain, Roy & Das (2017), businesses must understand that providing career opportunities to employees is the best way to retain them and win over their loyalty. When managers take their needs into account, employees will give their best effort.

### **Culture**

The culture of an organization can have a huge impact on how employees feel about their work and their commitment to the organization. Most of the studies that have been done globally have shown how important organizational culture is in terms of how committed and long-term employees are. An organization's organizational culture is a collection of various value systems that can help it function effectively and conduct business. According to Bajwa, Yousaf, & Rizwan (2014), culture affects employee motivation, loyalty, and engagement with the company. Employees that feel valued and have a positive perception of their work environment are more likely to remain with a company and be productive. Conversely, employees that feel unappreciated and have a negative perception of their work environment are more likely to be dissatisfied and leave the company. Employee turnover can be reduced by promoting a positive and supportive culture that encourages communication, collaboration, and innovation. This can be achieved by providing regular feedback, offering opportunities for development, and recognizing employee achievements. Additionally, creating a flexible and accommodating work environment can help employees feel valued and appreciated. This can include offering flexible work hours, providing telecommuting options, and having a casual dress code. Ultimately, the impact of culture on employee turnover in an FMCG company is significant and should not be overlooked. By creating a positive and supportive culture, employers can ensure that their employees are engaged and committed to their work. This, in turn, can improve retention rates and ensure that the company remains competitive in the market. However, Employees who don't feel valued, respected, or appreciated may be more likely to leave an organization. Employees who don't share the same values or are not comfortable with the organizational culture may also be more likely to leave. Additionally, employees may also leave an organization if they don't feel comfortable with the way decisions are made or if they feel like their opinions and ideas are not being heard. Ultimately, employers should strive to create an environment where employees feel valued and respected in order to retain their workforce.

According to Khuong & Nhu (2015), culture has a significant impact on employees' commitment and productivity. Employee job satisfaction will increase if they have a better understanding of the company's culture which leads to retaining their valuable staff and worker. Maintaining a culture of an organization that leads to employee satisfaction directly leads to lower

turnover of employees. Organizational culture, as defined by Men & Robinson (2018) it is a framework of behavior, attitude, and values, Job satisfaction is a component of an employee's job (Sinha & Sinha, 2012), and if it has a positive impact on the employee, it encourages job satisfaction; if not, it results in job dissatisfaction. Job satisfaction is an employee's capacity for feeling both positively and negatively about their work experiences. A positive organizational culture is characterized by clear values, open communication within the organization, and a supportive workplace environment, which can help in reducing employee turnover by making an employee feels valued, engaged, and committed to their work. On the other hand, a negative organizational culture is characterized by a high level of stress within the organization, poor communication between employer and employee, and lack of trust between each other, all these contributed to a high level of employee turnover as employees seek out a better workplace environment. According to the research of Ramdhani, Ramdhani & Ainissyifa, (2017), cited in a committed employee is someone who sticks with the company through difficult times and tries to achieve the company's goals. Employees tend to stay loyal to the organization if they find attachment to the organization even when the organization is facing a downfall or has a hard time. Organizational culture and commitment have a strong relationship, but organizations with a bad organizational culture struggle to retain employees, (Mone, London, & Mone, 2018) Continuous commitment ensures that employees won't leave the company and won't react to unhappiness, ensuring that they stay with the company. Job satisfaction has a very strong impact and is almost inversely related to employees' intention to leave or stay in an organization. The study will not only give us insight into how organizational culture affects employees' commitment, job satisfaction, and intentions to leave their jobs, but it will also assist us in identifying solutions to these issues. This study will also make recommendations for ways to solve the issues and enhance current procedures. The relationship between culture and organizational commitment, productivity, and turnover intention has been studied (Ringov & Zollo 2007). Therefore organizations should focus on creating and maintaining a positive workplace culture that supports employee well-being and where an employee feels motivated and engaged this will help an organization to reduce the turnover rate in the organization and increases employee retention

### **Hypothesis**

**H<sub>1</sub>:** There is a relationship between compensation & benefits and employee turnover in FMCG Companies in Pakistan

**H<sub>2</sub>:** There is a relationship between leadership and employee turnover in FMCG Companies in Pakistan

**H<sub>3</sub>:** There is a relationship between career opportunities and employee turnover in FMCG Companies in Pakistan

**H<sub>4</sub>:** There is a relationship between culture and employee turnover in FMCG Companies in Pakistan

## **METHODOLOGY**

### **Research Design**

The objective of this research is to identify the organizational factors that have an impact on employee turnover in Fast-Moving Consumer Goods. While the factors are already been identified, this study shows the respective value of each factor in an organizational view and Pakistan's Fast Moving Consumer Good (FMCG) context. This study is descriptive quantitative research, the survey is conducted through a questionnaire.

The Deductive reasoning approach has been used in this study, which began with a general theory and then narrows to a specific hypothesis. This approach evaluates each hypothesis to determine the core issue which has incurred. The convenience sampling method is used, which is a process in which appropriate, accessible people are sampled, which consists of 280 middle-level employees in FMCG companies. Employee turnover is the dependent variable, whereas, independent variables are compensation and benefits, leadership, career opportunities, and culture. To test the validity and reliability of the responses composite reliability is been used. The data collection for this study is analyzed by using the Smart PLS and frequency chart along with regression.

The data for this study is cross-sectional because it was obtained through a single questionnaire given to FMCG companies, particularly those located in Karachi through one-time questionnaire. A survey questionnaire was used to collect primary data which is adopted (Shami, Ali & Rehman., 2015). The instruments which have been used in this research based on two sections, starting with the



demographics which will include gender, age, department, and experience followed by the other section consisting of all the variables which will be developed on the Likert scale from strongly disagree, disagree, neutral, strongly agree and agree. Likert scale-based questions that were developed using independent variables were included in the survey questionnaire. The statements of variables have been addressed towards the compensation and benefits, leadership, career opportunities, culture, and employee turnover.

### Reliability and Validity

The reliability test (Cronbach alpha) and questionnaire have both been used to make sure that the reliability is consistent with the findings. In order to ensure that the information was accurate, it was given to experts on the factors that influence employee turnover. To test the validity and reliability of the data, composite reliability will be used and for validity Average variance extracted AVE will use.

## RESULTS AND FINDINGS

### Demographics Profile

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	172	61.4	61.4	61.4
	Female	108	38.6	38.6	100.0
	Total	280	100.0	100.0	

Table 1 shows 280 respondents participated in this survey, 172 (61.4%) are males and 108 (38.6 %) are females.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	142	50.7	50.7	50.7
	31-35	66	23.6	23.6	74.3
	36-40	52	18.6	18.6	92.9
	Above 40	20	7.1	7.1	100.0
	Total	280	100.0	100.0	

In terms of age, 142 out of them are in between 25-30 years old (50.7 %), 66 (23.6 %) of them are in between 31-35 years old, 52 (18.6 %) of them are in the range of 36-40 years old, the remaining 20 respondents (7.1 %) are above 40 years old.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelors	83	29.6	29.6	29.6
	Masters	158	56.4	56.4	86.1
	MPhil or PhD	39	13.9	13.9	100.0
	Total	280	100.0	100.0	

From the above table it is shown that 280 respondents in terms of qualification, 83 respondents (29.6 %) have the qualification of bachelor, 158 respondents (56.4 %) have the qualification of master and 39 respondents (13.9 %) have the qualification of MPhil/Ph.D.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	121	43.2	43.2	43.2
	5-10	85	30.4	30.4	73.6
	10-15	58	20.7	20.7	94.3
	Above 15	16	5.7	5.7	100.0
	Total	280	100.0	100.0	

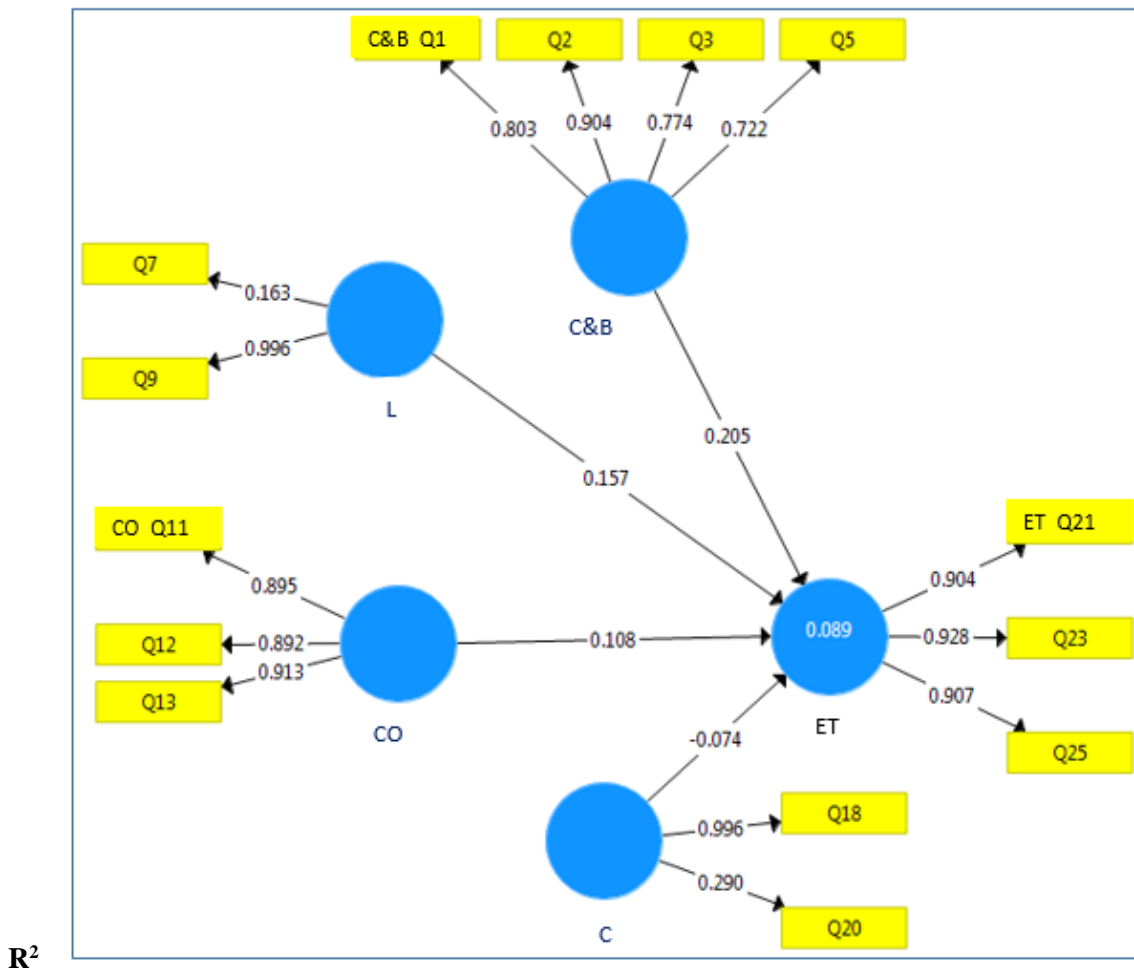
In terms of professional experience 121 respondents (43.2 %) have experience of 0- 5 years, 85 respondents (30.4 %) have 5- 10 years of experience, 58 of the respondents (20.7 %) have 10- 15 years of experience, and remaining 16 of the respondents (5.7 %) have experience of above 15 years.

**RESULTS AND DISCUSSION**

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
CO	0.883	0.893	0.928	0.810
ET	0.901	0.924	0.938	0.833
C&B	0.820	0.921	0.879	0.646
C	0.344	2.285	0.842	0.538
L	80.400	-2.947	0.578	0.509

For the internal consistency reliability, the above table is showing that the composite reliability value of CO(carrier opportunities)is 0.928, ET (employee turnover) is 0.928, C&B (compensation& benefit) is 0.879, shows the reliability of the data as their values are more than 0.7 whereas, C (culture) is 0.84 and L(leadership) is 0.578 which is <0.7. It shows that leadership is less reliable as compared to compensation & benefit and career opportunities. To check the convergent validity, each attribute and variable’s Average variance extracted AVE is evaluated. From the table above it is revealed that all the values of AVE are greater than 0.5 (Wong, 2013) so, convergent validity is confirmed.

**Structure equation modeling**



The coefficient of determination,  $R^2 = 0.089$  indicates by the value showing in the circle that is 8.9% of the variance in the employee turnover. As  $R^2$  values are accepted as they range from 0-1.

### Path coefficient sizes and significance

In addition to examining the size of the path coefficients (beta value) of the attributes, C&B (compensation & benefit) is 0.205 has the strongest path value then L (leadership) that is 0.157 then CO (career opportunities) that is 0.108 and then C (culture) influence that is 0.107 for the ET (employee turnover).

Table 6: Mean, St. Dev, T-Value, and P-Value					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
CO -> ET	0.108	0.111	0.068	1.595	<b>0.001</b>
C&B -> ET	0.205	0.214	0.072	2.852	<b>0.005</b>
C -> ET	0.104	0.101	0.057	1.545	<b>0.002</b>
L -> ET	0.157	0.140	0.102	1.539	<b>0.124</b>

### Hypothesis Remarks

#### **H1: There is a significant relationship between compensation and benefit and Employee turnover in FMCG companies in Pakistan.**

Since the significance value of the C&B (compensation & benefit) is  $<0.05$ , we accept the alternate hypothesis and conclude that organization compensation and benefit with ET (employee turnover) is statistically significant because p-value is 0.005 that is  $<0.05$  so, if the organization compensation and benefits packages improved or increase, it will help the organization to retain their employment and to lower down the rate of turnover.

From the above results, it was noted that organizational compensation and benefit is one of the major factors that affect employee turnover in the organization. The result is linked with these previous literature reviews, according to (Abdali, 2011) states that compensation and benefit is an essential component in retaining employees and reducing turnover. When employees feel that they are fairly compensated and have access to a good benefits package, they are more likely to be satisfied with their job and less likely to leave. On the other hand, if an employee feels that their organization's compensation and benefit are inadequate, they may look for better opportunities elsewhere. Therefore, offering competitive compensation and benefit can be an effective way to reduce employee turnover and improve retention. Therefore, to reduce turnover in FMCG companies' organizations should offer competitive benefits to compete in the market and retain their valuable employee

#### **H2: There is a significant relationship between leadership and Employee turnover.**

Since the significance value of L (leadership) is  $>0.05$ , so conclude that leadership with ET (employee turnover) is statistically insignificant because the p-value is 0.124 which is  $>0.05$  so, we reject the alternative hypothesis and accept the null hypothesis.

#### **H3: There is a significant relationship between career opportunities and Employee turnover.**

Since the significance value of CO (career opportunities) is  $<0.05$ , we conclude that career opportunities with ET (employee turnover) is statistically insignificant because the p-value is 0.001 which is  $>0.05$  so we reject the null hypothesis and accept the alternate hypothesis.

#### **H4: There is a significant relationship between culture and Employee turnover.**

Since the significance value of C (culture) is  $>0.05$ , so conclude that culture with ET (employee turnover) is statistically insignificant because the p-value is 0.002 which is  $<0.05$  so, we reject the null hypothesis and accept the alternate hypothesis. As culture is one of the essential components which includes traditions, norms, values, knowledge, customs, and beliefs. However, not only their employees have affected but also their productivity. Employees who are unsatisfied and uncomfortable with their surrounding environment occur to be less productive that results in turnover of the organization.

### Analysis with Reference to Literature

According to the results, the compensation and benefits, career opportunities, and cultural factors impacted significantly the employee turnover in FMCG Companies in Pakistan, this was consistent with the existing literature review. Many past pieces of research conclude that compensation & benefits, career opportunities, and culture are all of this three-factor that affects the turnover of employees in different sectors and organizations. Most of the past studies have mentioned the factors of compensation and benefit, career opportunities, and culture are the reasons why an employee leaves an organization

who is working within a different industry. The results were consistent with the compensation and benefits, career opportunities, and cultural factors, while what was inconsistent with the existing literature review were the findings that leadership factor does not significantly impact the employee turnover in FMCG Companies of Pakistan, even though few of the past researches that were conducted in different industries revealed through their results that some of the variables like leadership do not affect or influence turnover when analyzed through the findings. (Hunjra, Chani, Irfan, Aslam, Azam & Rehman 2010)

## **DISCUSSION**

As we all know that employees are considered an important asset of any organization and retaining them is essential for any organization to reduce the cost that is associated with the high turnover rate of employees. Previous researches emphasize the need to look over the factors causing employees to quit or leave the organization and has revealed many factors that affect the retention and the turnover of employees working in a company. Past studies have contributed to a better help understanding of the companies of different sectors to work on factors like compensation and benefits, career opportunities, leadership, and culture to retain their quality workforce and to manage their turnover by improving these variables.

This study attempted to inspect the relationship between employee turnover towards factors of compensation & benefits, career opportunities, leadership, and culture in the FMCG Companies of Pakistan. According to the findings of this study, the results revealed that compensation & benefits career opportunities, and culture have significantly impacted the employee turnover in the FMCG companies and the other factor mentioned leadership does not impact significantly the employee turnover in FMCG companies of Pakistan which means that employee turnover in FMCG companies is not much associated with leadership.

Our topic of research which is “Factors Influencing Employee Turnover in FMCG Companies of Pakistan” notifies us about the factors of organizations that affects the turnover of an organization in FMCG companies because employees and workers who work incredibly hard for their organization are the most essential elements of any organization leading an organization to growth and progress. All of the best and most prompting organizations and institutes consist of employees who, with their performance give them profit. There are four independent variables in our research that are compensation and benefit career opportunities, leadership, and culture. The dependent variable in our research is Employee turnover. As this is quantitative descriptive research, in order to collect the data 280 questionnaires have been distributed. The convenience sampling technique has been used in our research. The target population in this study is middle-level employees.

Our questionnaire includes nominal and scale questions, that is; Gender, Qualification, Experience, and Age in nominal questions. There is a total of 24 questions about dependent and independent variables in the scale questions. The survey questionnaire was completed and all variables were measured on a five-point scale of Likert 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. As the result shows, the mean is above 3=Neutral for all variables.

In this study, our first objective was to observe the compensation and benefit that influences employee to retain them. Compensation and benefits packages are considered one of the important factors influencing employee turnover. To reduce employee turnover, employers should focus on offering competitive salaries, comprehensive benefits packages, and rewarding incentives. Additionally, employers should actively seek feedback from their employees about their compensation and benefits packages and use that feedback to adjust and improve the packages to better meet their employees’ needs. Employers should also recognize and reward employees for their hard work and contributions. Finally, employers should provide employees with clear career paths and opportunities for advancement, as this can help to promote loyalty and reduce turnover.

In this study, our second target was to examine the impact of leadership that affects the turnover of employees in organizations. As leaders are the one who supports and provide guidelines to their employee while conducting research we identified that leadership is not considered as important a factor as others and has a weak impact on employee turnover.

The third goal of this research was to examine the factor of career opportunities that has an impact on employee turnover in FMCG companies. it was identified after conducting the entire research

that career opportunities have an impact on employee turnover. It is an important factor to consider when looking at career opportunities as high employee turnover can lead to a lack of stability within a workplace. High employee turnover can lead to fewer career opportunities as there may be fewer positions available or less job security. On the other hand, organizations with low employee turnover may be able to offer more career opportunities as there is more stability and job security.

Our fourth objective was to investigate the impact of the organizational culture that influences the employee. Culture plays a significant role in achieving a good financial results, according to the literature. I concluded after conducting this research and analysis that, employees who feel valued, respected, and supported are more likely to stay with the company. Organizations should create a culture that encourages employee engagement and rewards performance. This can be done by providing opportunities for employees to grow and develop, offering flexible work arrangements, and providing meaningful feedback. Additionally, organizations should create a safe, open, and inclusive environment, where employees can express their opinions, receive recognition, and be rewarded for their contributions.

Our fifth objective was to find out the impact of the mentioned four factors on employee turnover. Our research determines that all our independent variables (compensation and benefit, leadership, career opportunities, and culture have a relationship with employee turnover in FMCG companies which is our dependent variable either positive or negative.

## **RECOMMENDATIONS**

Based on the findings above, the following are the recommendations for analyzing the findings.

- Improvement in the compensations and benefits factor could help FMCG Companies to retain their employees and lower their rate of employee turnover.
- Compensation that is competitive is crucial and offered to employees and employers must have information on the compensation offered by them for particular positions in comparison to the compensation offered by other organizations in the existing market.
- Employees want their practical needs to be met therefore compensation & benefits factor plays a major role in retaining the employees of the company.
- Devising such a strategy that relates the importance of compensation and benefits could prove useful in managing employee turnover as well as retaining employees.
- Previous research has examined the relationship and influence of compensation & benefits on employee retention and confirmed the important role of this factor to retain the employees working in the company and recommended the companies design such benefits and compensation that fit the needs of employees respectively (Bryant & Allen 2013). As well as organizations should provide better career opportunities to their employee and provide a good organizational culture so there is no communication barrier, employees in the organization can easily adjust to this as it will help the organization retain their valuable employees in FMCG companies and lower employee turnover.

## **LIMITATIONS**

This study has a few limitations that were not addressed due to limited resources. Due to financial constraints and time, this research had to be limited to FMCG Companies, particularly those operating in Karachi. Only the FMCG companies are in the boundary. The research focused on the FMCG sector whereas the same problem is faced in every industry including different field industries, banks, hospitals, the civil sector, and hotels. This research is only limited to 280 respondents. Lastly, this research was conducted in Karachi, Pakistan where this problem is faced in every city and country. These limitations couldn't be covered but should be acknowledged in the future.

## **FUTURE STUDIES**

This study attempted to inspect the factors affecting employee turnover in FMCG companies and through the findings, it was analyzed that out of four independent variables whereas three of the variables impacted significantly on the dependent variable that was employee turnover. As a result, Future studies could take place by conducting research on a larger scale population including more independent variables that might affect the turnover of employees in FMCG industries of Pakistan that

would help the organizations to devise retention strategies for the employees based on many factors that could influence the turnover of employees and lower it as well.

## **CONCLUSION**

Employees are considered as the building blocks of the organization that could either make it or break it and holding onto them is necessary for any organization to achieve its goals, therefore this study attempted to assess the variables that might help the FMCG companies of Pakistan to reduce their employee turnover and retain them as well. Past studies determined many factors that impacted employee turnover in many different sectors that include textile, IT, bank, paint, telecom, and business organizations. According to the analysis and findings of this study, it was revealed compensation and benefits, career opportunities, and culture impacted employee turnover significantly in the FMCG sector of Pakistan. In this case, our alternate hypothesis was accepted and the null hypothesis was rejected. However, the results also showed through the findings of this research that employee turnover in the FMCG sector of Pakistan is not associated with leadership.

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