

# An Analysis on Employee Turnover Problem in Construction Industry

R. Ragul<sup>1</sup>, A. Thomas Eucharist<sup>2</sup>

<sup>1</sup>PG Student, <sup>2</sup>Assistant Professor, Civil Engineering,  
<sup>1,2</sup>K.S.R. College of Engineering, Tiruchengode, Tamil Nadu, India

## ABSTRACT

Employee turnover refers to the employees leaving an organization due to various reasons which can be voluntary or involuntary. The study focuses on voluntary turnover. Turnover intent acts as a precedent to turnover and hence the survey measures turnover intention as a precedent for turnover. The study has been conducted to understand the factors relevant to the career decisions of the professionals working in the industry and how well the factors are being fulfilled in the current scenario.

The data was collected by a questionnaire survey to determine the relevant factors and their satisfaction levels. The importance of factors was assessed using Relative Importance index and correlation between importances. The factors and satisfaction were correlated to determine areas where improvement was needed to improve satisfaction and hence mitigate turnover intentions.

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## 1. GENERAL

The construction sector is responsible for building houses, apartments, factories, offices and schools. It is also responsible for the construction of roads, bridges, ports, railroads, sewers, tunnels etc. In addition, the construction industry maintains, repairs and makes improvements on all those structures. The industry's significance lies not only in the fact that it provides buildings and infrastructure on which virtually every other sector depends, but also in the fact that it is such a sizeable sector in its own right. In India, the construction industry is the second largest industry next to agriculture. The Indian construction industry accounts for nearly sixty five per cent of the total investments in infrastructure. Investment in construction accounts for nearly eleven per cent of India's GDP (Gross Domestic Product). India's infrastructure and transport sector contributes about 5% of its GDP

The Indian economy has witnessed considerable progress in the past few decades. Most of the infrastructure development sectors moved forward, but not to the required extent of increasing growth

rate up to the tune of 8 to 10 per cent. The Union Government has underlined the requirements of the construction industry. After recording a spectacular growth of over 12%, more than the country's GDP in the past half-decade, the Indian construction sector all of a sudden lost stream in last fiscal largely due to global financial turmoil.

### 1.1. IMPORTANCE OF EMPLOYEE TURNOVER

The execution of a construction project involves a combination of clients, designers, constructors and suppliers. Such multi-disciplinary characteristics pose challenges to the management who secure appropriate engineers / managers for projects at different levels. Even after the careful recruitment of field engineers, it becomes very difficult to retain them for various reasons. The training and education of these construction managers and project management strategies have traditionally focused on the issues of structuring and planning of the operations, with relatively little attention being paid to the retention of employees. Since project success is always measured

in monetary terms, people related issues are given a second priority to the core procurement challenges of meeting time, cost, quality targets, and to achieve better productivity. But shortage of trained personnel has hit the Indian construction industry hard, leading to high turnover rates.

## 1.2. NEED FOR THE STUDY

The success of any construction firms depends largely on the workers; the employees are considered as the backbone of any company it. The organization may be small or larger. The study was mainly undertaken to identify the level of employee's attitude, the dissatisfaction factors they face in the organization and for what reason they prefer to change their job. Once the levels of employee's attitude are identified, it would be possible for the management to take necessary action to reduce employee turnover level.

Since they are considered as backbone of the company, their progression will lead to the success of the company for the long run. This study can be helpful in knowing, why the employees prefer to change their job and which factors make employee dissatisfy. Since the study is critical issue, it is needed by the originations in order to assess the overall interest and the feelings of the employees towards their nature of job and organization.

This study can be helpful to the management to improve its core weaknesses by the suggestions and recommendations prescribed in the project. This study can serve as a basis for measuring the organization's overall performance in terms of employee satisfaction and their reasonable basic needs and requirements. The need of this study can be recognized when the result of the related study need suggestions and recommendations to the similar situation.

## 1.3. OBJECTIVE OF THE STUDY

- Determine the satisfactory level of employees towards their job and working conditions.
- Finding the factors which make employees dissatisfy about company policies and norms.
- To know the employee turnover rate and growth of the company.
- To know the reasons of increasing of employee turnover rate.
- To find alternative ways to reduce employee turnover rate in construction industry.

## 1.4. SCOPE OF THE STUDY

- This study will help to growth both of the employees and construction industry.
- This study can help the management to find the weaker parts of the employee

- Feeling towards the organization and to provide a optimum suggestions and solution.
- This study can help the improvement of three R's (respect, recognition, and reward) of employee needs.
- This study can help the management to know for which the reason employees tends to change their job, through dissatisfaction factors in the construction industry.
- It can help to reduce an employee turnover rate in construction industry.

## 2. LITERATURE REVIEW

**Ade Abdulquadri, Bilau (2015)** reported that employee turnover has raised quite a number of concerns in the construction industries as a result of its effect on productivity. The effect and impact of employee's turnover on job performance are mostly as a result of poor resource management in the firm. From the study, factors that causes employees turnover in SMCFs were ranked with salary coming first under financial factor, secondly fringe benefits, lack of financial management and lastly unequal and or substandard wage. The study suggests an urgent need for construction firms to engage in anticipatory strategic planning and approaches to minimize employee's turnover rate. This study has presented the importance of assessing employee's turnover rate on job performance of SMCFs and possible ways of minimizing the turnover rate within construction firms in Abuja and Nigeria at large.

**Melinde Coetzee (2015)** suggested that the main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities and salary are the major factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs.

**Maniam Kaliannan (2015)** evaluated in detail the core employee engagement strategies in relation to organizational success. The researchers adopted a quantitative analysis in assembling the views of employees and drawing meaningful conclusions via descriptive and inferential statistics. In order to authenticate and enrich the findings of the survey, interviews were conducted where relevant themes were identified. The researchers through rigorous literature review dug out the core engagement strategies as: work environment, HRM Practices,

employee supervisor relationship, job satisfaction, and organizational culture. The data analysis revealed the 'work environment' as the least effective engagement strategy, the Company can also take pragmatic steps to address the challenge of electricity power inconsistency which most often impedes the maximum usage of the air conditioners, rendering the offices less comfortable.

**Jiayu Chen, A.M.ASCE (2014)** explores the relationship between skill decay and turnover on retention loss in project networks was examined. A simulation model integrating models of project network learning and organizational retention loss was developed. A series of experiments was conducted using the model to develop a more nuanced understanding of the relationship between skill decay and turnover. It was found that turnover has a greater impact than skill decay on retention loss in the short term, whereas this relationship reverses over time. Turnover was further found to moderate the impact of skill decay on retention loss. Therefore, the relationship between these factors is more complex than has been indicated in previous studies. The identified relationships were used to induce a new theoretical model for retention loss in project networks.

**Choi Sang Long (2014)** analysed about the correlation between these HRM practices and the impact on turnover intentions by employees are significant. The importance of HRM practices in SME is crucial in attaining competitive advantage. The impact on the SME due to the high employees turnover rate can have detrimental repercussions on the organization due to several factors like Compensation and Benefit, Managing Performance, Training, Employee Relations. Therefore, SME must look seriously in implementing effective HRM practices as one of the strategies to retain employees especially the high performers.

**Bidisha Lahkar Das (2013)** suggested human resources are complex and not easy to understand. These are the assets which can make as well as break an organization. Retaining them will help in the long-term growth of an organization and will also add to their goodwill. But the most difficult task faced by an organization today is retaining as well as satisfying these resources. The area of employee retention and job satisfaction, but still much scope remains for more exploration in the field of employee retention and it by taking into consideration the factors like compensation practices, leadership and supervision, career planning and development, alternative work schedule, working conditions, flexible working hours.

**Dr. K. Lavanya Latha (2013)** stated that the main aim of any organization is to earn profit. But to attain the maximum profit, the organization should concentrate more on employees and the ways to retain them for their long run. From the study it is identified that lack of growth opportunities and salary are the major factors which force employees to change their jobs. This study concludes that to reduce attrition industries should create some opportunities for the growth of their employees within the organization by adopting new Innovative Technologies and Effective training programs.

**Dr. R. Akila (2012)** this is found to be the threatening factor for higher employee turnover rate. Job satisfaction can be improved by improving working condition through tools required by the employees like flexible time and training. Department wise feedback has to be taken on challenges and frustrations for employee retention. Supervisors have to communicate at regular intervals (weekly once) for solving employee complaints, problems and to manage stress. Work environment has to be improved by introducing music at work place. Effective human resource management must be practiced at both strategic and day-to-day levels. HR management practices must reflect company policy as to how it will manage and relate to its employees. The HR strategy should evolve from a transactional support role to partnering in the organizations business strategy.

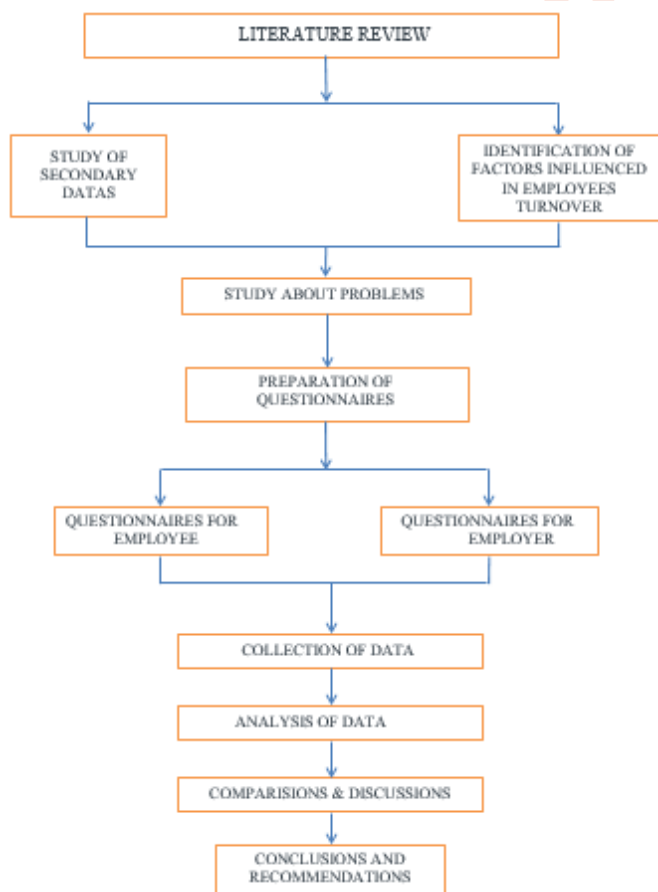
**Izidor Nwokocha (2012)** this study explores the emerging trends in employee retention strategies in a globalizing economy, with a focus on Nigeria. The paper argues that globalization has enhanced the mobility of labour, and has also accelerated the rate of employee turnover in organizations in Nigeria. The paper identifies some of the reasons for turnover to include inequity in the compensation packages of organizations, employees' dissatisfaction and autocratic managerial pattern in most organizations in Nigeria. It further identifies the effects of turnover to include disruption in production, cost of training new employees, the recruitment and selection cost and knowledge lost. As a panacea to minimize the rate of employee turnover and catch up with the current demands of global economic needs and organizational performance, the study proposes that organizations in Nigeria should adopt critical sustainable retention trends such as establishing a strategic plan, involving employees in decision-making process, initiating personalized compensation plan, installing mechanisms for career planning, training and development and building flexible work programs especially for critical knowledge - employees. These

will help to retain core employees that will competitively drive the production wheel in the organizations in Nigeria. The study therefore, proposes that organizations in Nigeria should adopt certain critical sustainable trends in employee retention such as, establishment of strategic retention plan, involvement of employees in decision-making process, personalized compensation plan, career planning, training and development and creation of work flexibility and outsourcing.

### 3. METHODOLOGY

#### 3.1. GENERAL

Methodology is formulated based on literature studies. This methodology helps in further progress of the project. In general following to literature review design of questionnaires has been done. Then the questionnaires will be distributed to the companies and further results will be analysed. One can find the detailed methodology in flow chart shown in figure 3.1.



### 4. DATA ANALYSIS

#### 4.1. GENERAL

In the previous chapter on methodology, the approach adopted to understand the migration intention of civil engineers in the construction industry, and the measures that will help organizations to retain their staff were highlighted. Also, the questionnaire design was discussed. In this chapter, a detailed explanation of the assessment of migration and retention is given,

based on the demography of the respondents. The responses sought from forty seven middle management civil engineers on forty eight factors are analysed and discussed. In this study, the responses obtained from the engineers working in various construction organisations from the questionnaire survey are entered, using SPSS (statistical package for the social sciences). Forty seven responses were received out of sixty five sets distributed. The questionnaire constituted six parts, which are as follows:

- Part 1 - personal details
- Part 2 - attitude towards job
- Part 3 - attitude towards company
- Part 4 - working conditions
- Part 5 - welfare measures
- Part 6 - wage & salary administration

#### 4.2. FREQUENCY OF THE RESPONDENTS

Valid	Frequency	Percent	Valid percent	Cumulative percent
C1	2	4.3	4.3	4.3
C2	2	4.3	4.3	8.5
C3	2	4.3	4.3	12.8
C4	5	10.6	10.6	23.4
C5	1	2.1	2.1	25.5
C6	1	2.1	2.1	27.7
C7	2	4.3	4.3	31.9
C8	1	2.1	2.1	34
C9	5	10.6	10.6	44.7
C10	2	4.3	4.3	48.9
C11	2	4.3	4.3	53.2
C12	3	6.4	6.4	59.6
C13	1	2.1	2.1	61.7
C14	1	2.1	2.1	63.8
C15	3	6.4	6.4	70.2
C16	6	12.8	12.8	83.0
C17	2	4.3	4.3	87.2
C18	2	4.3	4.3	91.5
C19	2	4.3	4.3	95.7
C20	2	4.3	4.3	100
Total	47	100	100	

#### 4.3. RESULTS

##### 4.3.1. Educational qualification

The data on education, supplied as part of the personal details has three types, diploma holders, bachelors and masters. 23.4% of the respondents (11 out of 47) are diploma holders, 74.5% have a bachelor's degree (35 out of 47) and 2.1% have a master's degree (1 out of 47). The majority of the respondents are degree holders, closely followed by diploma holders.

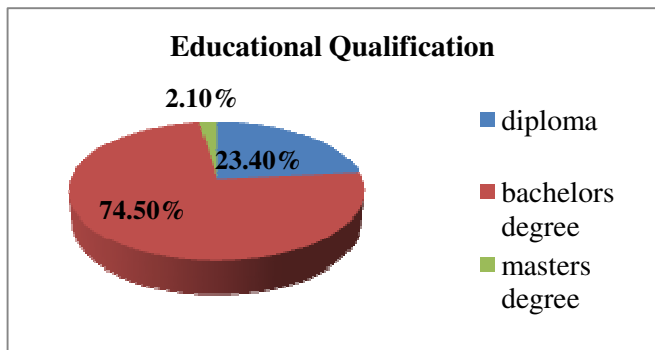
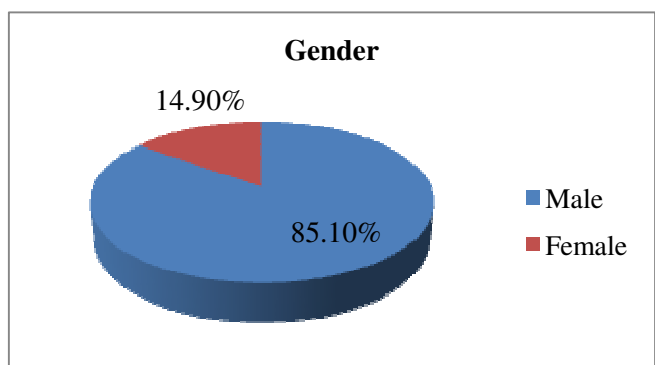


Figure 4.1

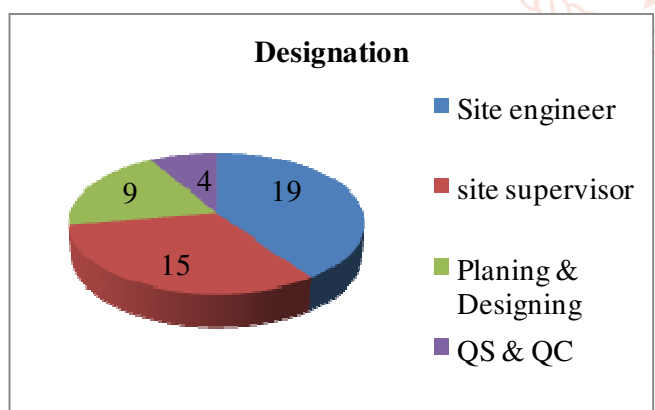
#### 4.3.2. Gender

Among the respondents 85.1 % (40 out of 47) are males and 14.9% (7 out of 47) are females.



#### 4.3.3. Designation

The engineers who responded to the questionnaire survey were designated as 1) planning and design engineers, (2) qs & qc engineers (3) site supervisors and (4) site engineers. The data indicates that 4.23% (9 out of 47) are planning and design engineers, 1.88 % (4 out of 47) are qs & qc engineers, 31.3% (15 out of 47) are site supervisors and 42.5% (19 out of 47) are site engineers.



#### 4.3.4. Employee opinion about quantum of work

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	14	29.8	29.8	29.8
2	26	55.3	55.3	85.1
3	7	14.9	14.9	100
<b>Total</b>	<b>47</b>	<b>100</b>	<b>100</b>	

From the above table it was inferred that 29.8 percent of employees have opinion that their quantum of work is compared with the other company as high, 55.3 percent said it is medium, and 14.9 percent said it is low. It leads to conclusion most of the medium percent (55.3) peoples are having dissatisfactory level about quantum of work and an organization do not give any other extra incentives for his work.

#### 4.3.5. Employee opinion about working place

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	17	36.2	36.2	36.2
2	17	36.2	36.2	72.3
3	13	27.7	27.7	100
<b>Total</b>	<b>47</b>	<b>100</b>	<b>100</b>	

From the above table it was inferred that 36.2 percent of employee have opinion that their working place is have too much distance from a accommodation and project located at remote area, 36.2 percent said it is medium and 27.7 percent said working place is close to their home. It leads to conclusion 2/3 peoples had a dissatisfactory about their working place.

#### 4.3.6. Employee opinion about other facilities

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	13	27.7	27.7	27.7
2	20	42.6	42.6	70.2
3	14	29.8	29.8	100
<b>Total</b>	<b>47</b>	<b>100</b>	<b>100</b>	

From the above table it was inferred that 29.8 percent of employees have opinion that their facilities provided by company is compared with the other company as high, 42.6 percent said it is medium, and 27.7 percent said it is low. It leads to conclusion most of the medium percent (42.6) peoples are having dissatisfactory level about facilities.

#### 4.3.7. Employee opinion about Reward for good work

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	14	29.8	29.8	29.8
2	19	40.4	40.4	70.2
3	14	29.8	29.8	100
<b>Total</b>	<b>47</b>	<b>100</b>	<b>100</b>	

Reward is nothing but providing a certain amount of money or promotion for his/her excellent work in organization project work. From the above table it was inferred that 29.8 percent of employees says that their organization gives reward for good work, 40.4 percent have an opinion neutral, it is nothing but they do not provide reward. And 29.8 percent says organization do not provide reward from company.

#### 4.3.8. Employee opinion about Personnel policies and procedures in force

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	12	25.5	25.5	25.5
2	29	61.7	61.7	87.2
3	6	12.8	12.8	100
<b>Total</b>	47	100	100	

From the above table it was inferred that 12.8 percent of employees have opinion that their organization provide a space for employee personnel policies and autonomy in work force to company is compared with the other company as high, 61.7 percent said it is medium, and 25.75 percent said it is low. It leads to conclusion most of the medium percent(61.7) peoples are having dissatisfactory level about the company policies and procedures.

#### 4.3.9. Employee opinion about working conditions

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	17	36.2	36.2	36.2
2	17	36.2	36.2	72.3
3	13	27.7	27.7	100
<b>Total</b>	47	100	100	

Working condition is working site condition; surrounding facilities nearby site are included. It's also include a hours of work and environmental conditions. From the above table it was inferred that 27.7 percent of employees are satisfy about a working conditions, 36.2 percent said it is medium, and 36.2 percent employees are dissatisfy about the company policies. It leads to conclusion most of the medium percent(36.2) peoples are having dissatisfactory level about the working conditions.

#### 4.3.10. Employee opinion about welfare measures

Valid	Frequency	Percent	Valid percent	Cumulative percent
1	16	34	34	34
2	25	53.2	53.2	87.2
3	6	12.8	12.8	100
<b>Total</b>	47	100	100	

Welfare measures are like employee Safety measures taken by the management, First aid facilities, Medical facilities, Housing facilities, Maintenance of rest rooms, Maintenance of Toilet and urinal. Most of the employees are have opinion these above mentioned facilities are not available in site area. From the above table it was inferred that 12.8 percent of employees are satisfy about a welfare measures, 53.2 percent said it is neutral, and 36.2 percent employees are dissatisfy about the welfare measures provided by a

company. It leads to conclusion most of the neutral percent (53.2) peoples are having dissatisfactory level about the employee welfare measures.

## 5. CONCLUSION & SUGGESTIONS

### 5.1. CONCLUSION

In this study, the respondents have been classified into four categories of engineers design and planning engineers, qs & qc engineers, site engineers, and site supervisors. The study is limited to exploring the factors that affect the employee turnover in construction industry. Forty eight factors were identified and presented to the construction professionals in the form of a questionnaire. The topmost reason for anyone to migrate from one employment to another was the promotion is not based on the performance, and not offering performance bonus or incentives, and not satisfied with the salary package offered by company or moving to a better-paying job. And another one topmost reasons for promoting retention of engineers were positive working conditions, work environment, chance of communicating openly with superiors and varied assignments provided based on engineers talent.

### 5.2. SUGGESTIONS

The success of any construction firms depends largely on the workers; the employees are considered as the backbone of any company it. The organization may be small or larger. The study was mainly undertaken to identify the level of employee's attitude, the dissatisfaction factors they face in the organization and for what reason they prefer to change their job. Once the levels of employee's attitude are identified, it would be possible for the management to take necessary action to reduce employee turnover level. Based on the study, some suggestions are provided here to reduce an employee turnover in construction industry.

- **Reward and Recognition:** To motivate and retain the best of talent in the industry, the management may consider rewarding the individuals and team who go an extra mile to contribute to the organization.
- **Growth Opportunity:** Management may consider offering challenging and skilful jobs to individuals so that they are prepared for top positions. Whenever employees are given such Opportunity, they would have the sense of belonging and affinity towards organization increase.
- **Work environment:** Employees productivity and morale tend to increase with a stress-free work environment. They would love a cheerful and fun-

filled work environment. Providing a congenial environment makes an employee loyal to the organization.

If the organization wants to reduce the employee turnover rate within the company, then it has to ensure that the employees are provided with a proper work environment, welfare measures, growth prospects and personnel policies.

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