Understanding Employee Turnover:
The Influence of Financial Wellbeing and Employee Training

Authors:
Gene Gañgan
Rafaelo Talosig
Kurt De Castro
Sophia Diamante

JULY 2024

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Executive Summary

In today's dynamic hiring market, it is crucial to understand what factors may affect an employee's decision to stay with or leave their current employer. Doing so allows businesses to make better decisions when it comes to people management and workforce planning.

Our research identifies these factors and the relationships among them, while also highlighting why addressing such factors can help enhance an organization's talent development and management strategies.

This study also contains key findings that showcase different outcomes depending on the role level of an employee, as well as insights that may help organizations and employers calibrate their overall workforce planning.
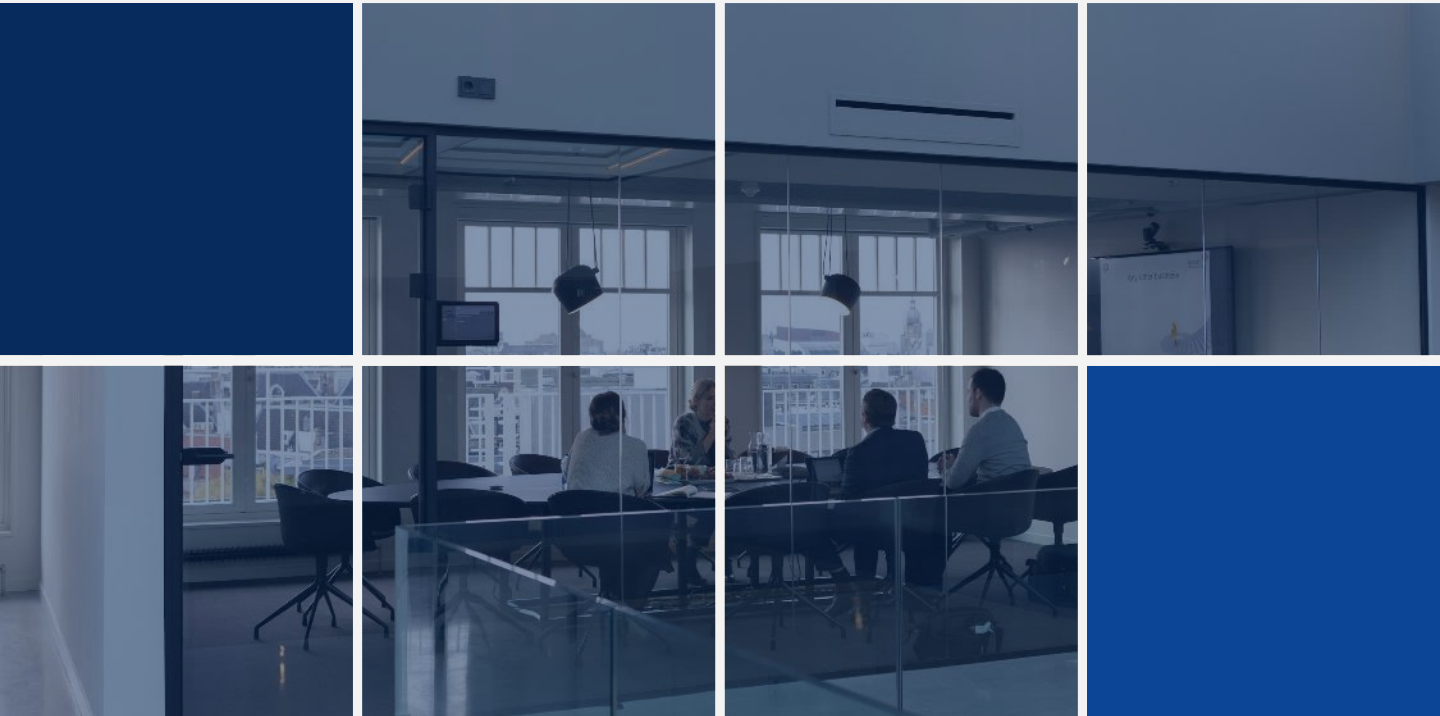
INTRODUCTION

Background of the Study

Employee turnover continues to be a significant concern amongst employers due to costs associated with termination, recruitment, and training, and the loss of institutional knowledge and productivity. High turnover rates can also negatively impact remaining employees who may feel overworked, demotivated, and less productive, ultimately leading them to seek opportunities elsewhere. Variables that can influence turnover include job stress, job satisfaction, growth opportunities, and working conditions (Alkahtani, 2015; Yin-Fah et al., 2010).

Another crucial variable that affects turnover is financial well-being, most evident in conversations surrounding employee compensation and benefits. High financial well-being can lead to increased overall well-being and job satisfaction, thus decreasing turnover intention. On the other hand, lower financial well-being can increase job insecurity and cause individuals to explore jobs with higher pay (Baquero, 2023).

The training that an employee receives can likewise affect their intent to stay. Having training opportunities makes talent feel like they are getting adequate support in their career development and that their workplaces are investing in them. Studies have shown that this increases job satisfaction and thus, lowers chances of employee turnover (Latif, et al., 2023; Roesmawaty et al., 2020).

The Present Study

Significance of the Study

Industry reports have indicated that employee turnover and retention continue to be the top challenges for employers in 2024. However, addressing this can often be a complex task, making it crucial to develop a deeper understanding of the factors that influence an employee's decision to leave or stay with a company. In the Philippines, low quality jobs, poor management, limited career growth, and inadequate pay are some of the most common challenges encountered by those in the workforce. This study hopes to understand employee turnover from a local perspective, and if factors such as financial wellbeing and employee training can help address turnover in a Filipino setting. Additionally, the study hopes to recommend solutions that will help organizations enhance their recruitment and retention strategies.

Problem Statement and Objectives

This study aims to develop an in depth understanding of how financial wellbeing influences turnover and retention among Filipino employees, and how the presence of training opportunities may affect the relationship between the two. Specifically, the study hopes to accomplish the following:

1. To understand how financial wellbeing affects employee turnover
2. To determine the effect of perceived training opportunities on the relationship between financial wellbeing and employee turnover
3. To identify solutions that will help employers address turnover and retention among Filipino employees
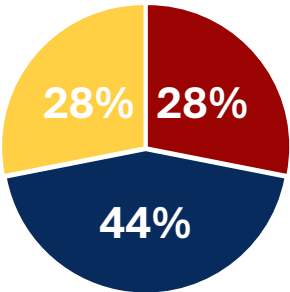4. To help enhance the recruitment strategies and overall workforce planning of organizations
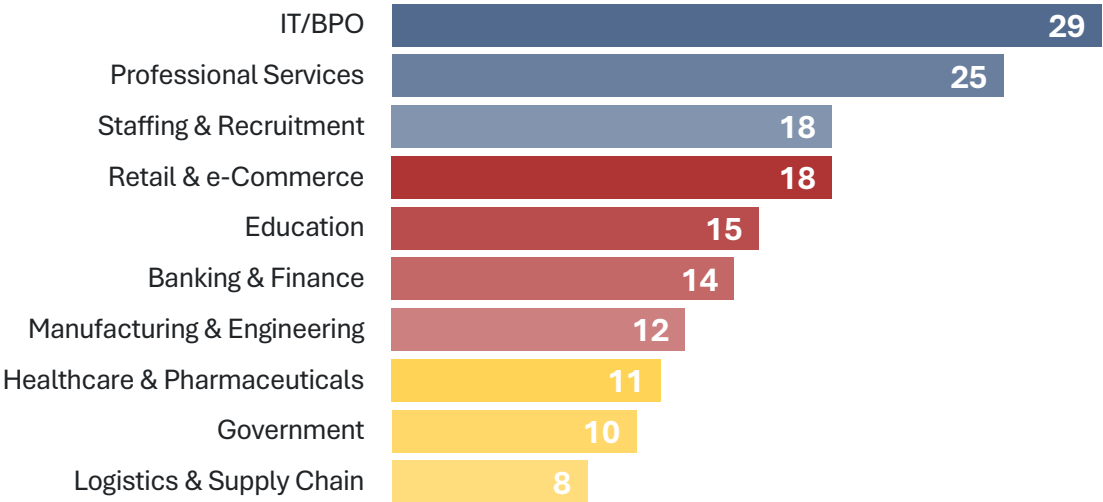
METHODOLOGY

Participants

In order to participate in the study, respondents must be a Filipino citizen and at least 21 years old, currently working full time in the Philippines, and must not hold roles at the director or executive level. A total of 180 responses from different role levels and industries were gathered. However, data from two respondents were excluded due to failure to meet the criteria, leaving a total of 178 valid responses. Convenience sampling was used to recruit participants with the help of marketing collaterals posted on LinkedIn and Facebook to encourage those who are qualified to accomplish the survey. Most of the respondents are currently in intermediate level roles, and are commonly found in the IT/BPO, professional services, recruitment, and retail industries.

Role Level

- ■ Entry
- ■ Intermediate
- ■ Managers

28% 28% 44%

Industry

Industry	Count
IT/BPO	29
Professional Services	25
Staffing & Recruitment	18
Retail & e-Commerce	18
Education	15
Banking & Finance	14
Manufacturing & Engineering	12
Healthcare & Pharmaceuticals	11
Government	10
Logistics & Supply Chain	8

18 other respondents were classified as Others

Materials

The data was gathered for a period of 14 days via an online survey conducted through Google Forms. The same form was used to obtain the informed consent and demographic information of the respondents. It also contained the following scales enumerated below which measured the variables of interest in the study. The specific items for each of the three scales are enumerated in Appendix B.

Financial Wellbeing

The Perceived Financial Wellbeing Scale developed by Netemeyer et al. (2017) was used to measure financial wellbeing. The scale consists of nine items that were accomplished using a five-point Likert scale (1 = does not describe me at all; 5 = describes me completely) and is comprised of two subscales which assessed financial security and financial stress.

Perceived Training Opportunities

The items that were used to measure perceived training opportunities were adapted from the work of Dysvik and Kuvaas (2008) and were assessed using a five-point Likert scale (1 = strongly disagree; 5 = strongly agree). The scale contains items that address the sufficiency of and satisfaction with training received.
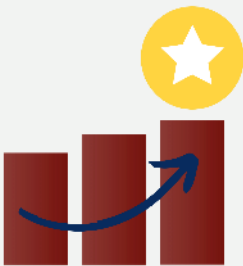
Turnover Intention

Turnover intention was measured using items adapted from the work of Kelloway et al. (1999). The scale consists of four items that were rated using a five-point Likert scale (1 = strongly disagree; 5 = strongly agree).
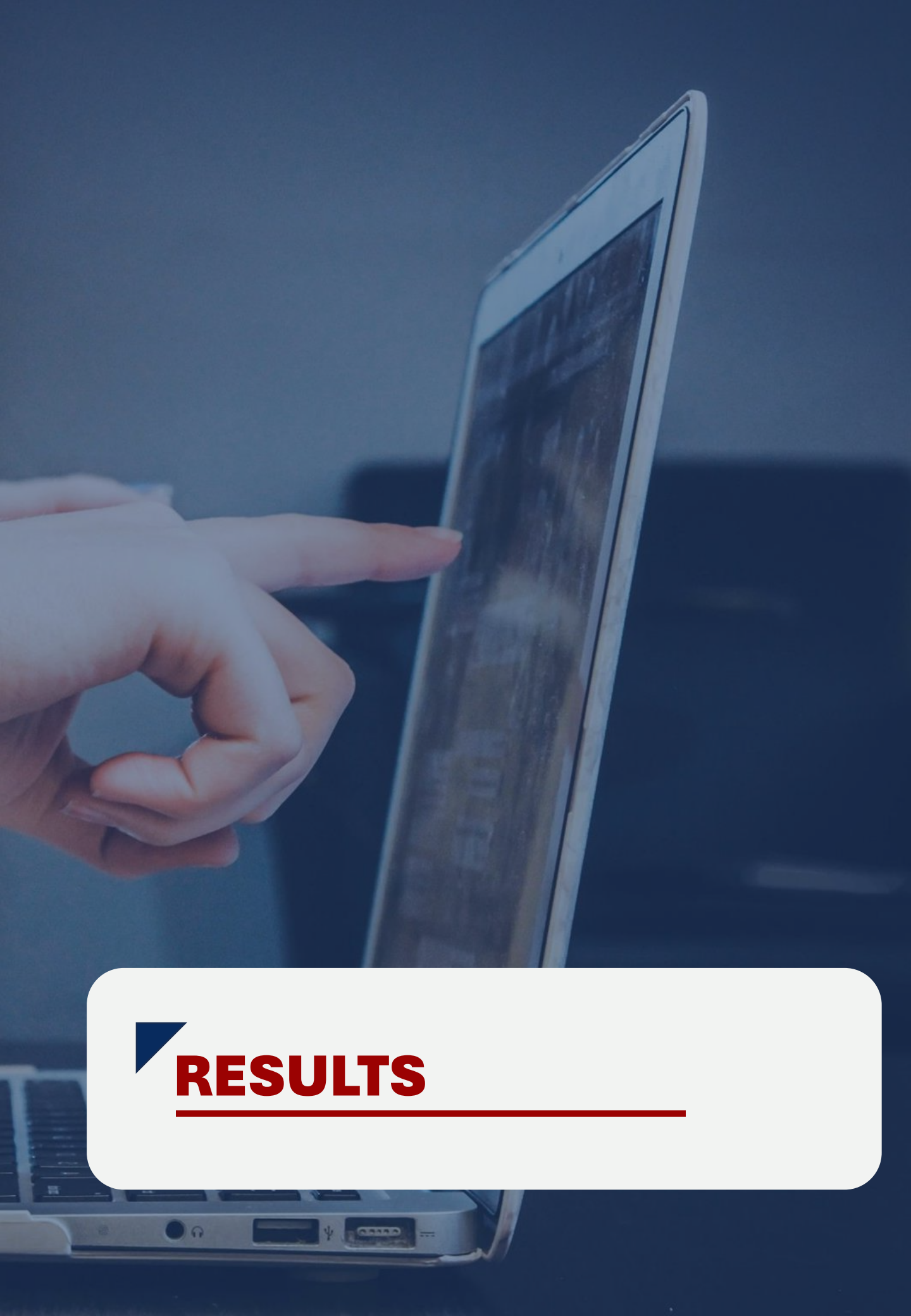
Analysis

In order to test the hypotheses, a multiple linear regression was conducted on the survey data using the statistical software jamovi to determine the relationship among the key variables. Specifically, a mediation analysis was used to determine if perceived training opportunities is able to mediate the relationship between financial wellbeing and turnover intention.

Prior to the main analysis, data cleaning was carried out to verify the validity of the data and to assess for the presence of outliers. Reliability testing and various assumptions tests were also done, including normality, multicollinearity, and homogeneity of variance to ensure the usefulness of the data. Finally, standardized scores were generated to further classify each respondent according to stanine scores.

The detailed results and corresponding statistical tables for both the preliminary and main analysis may be found in the appendix section of this report.
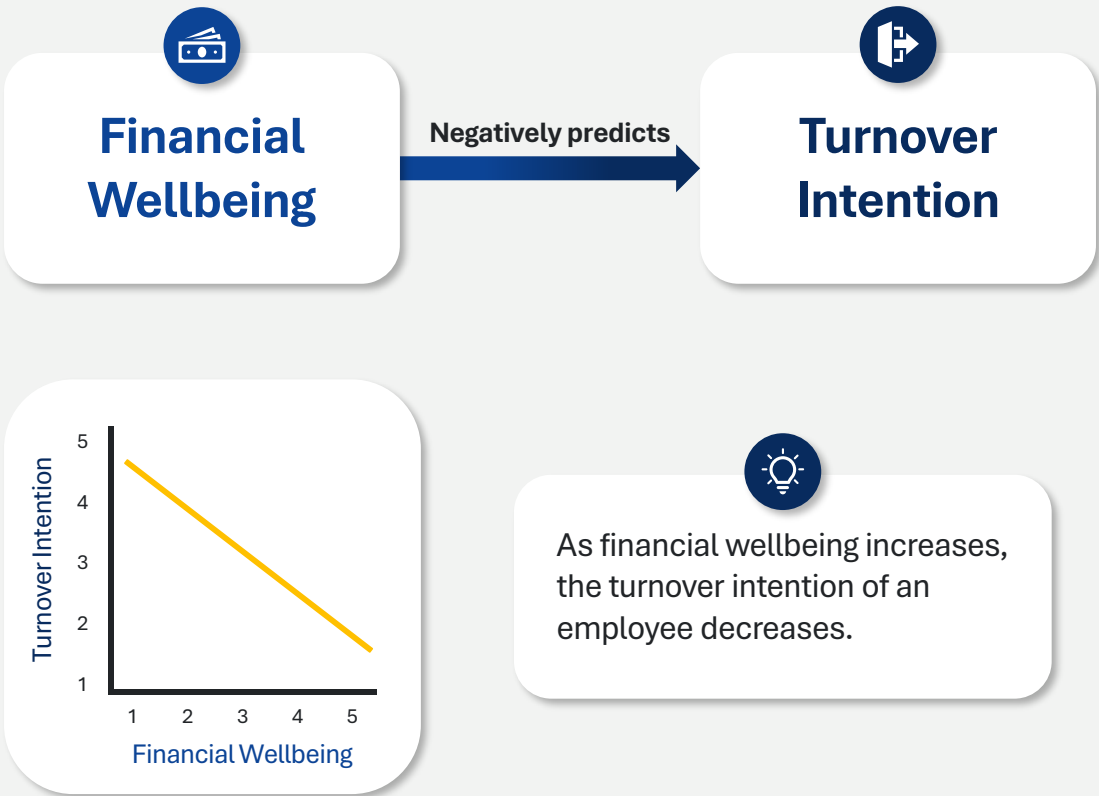
RESULTS

Financial wellbeing directly affects the turnover intention of employees

Our analysis has shown that financial wellbeing has a direct effect on employee turnover. Specifically, financial wellbeing was found to have an inverse relationship with turnover intention – as financial wellbeing increases, the likelihood of an employee leaving their current organization decreases. Additionally, financial wellbeing was also found to be negatively correlated with turnover intention.

Competitive pay has long been recognized as a crucial factor when it comes to retaining employees. This finding confirms that those who feel like they are not being compensated properly are likely to leave in favor of an employer who can provide higher pay. This demonstrates how adequate pay is one of the biggest considerations have when it comes to evaluating their overall employee experience.

Financial Wellbeing

Negatively predicts →

Turnover Intention

As financial wellbeing increases, the turnover intention of an employee decreases.

Turnover Intention vs Financial Wellbeing (downward sloping line)

Training mediates the relationship between financial wellbeing and turnover intention

In testing for the main analysis, results have shown that training opportunities significantly mediates the relationship between financial wellbeing and turnover intention. Financial wellbeing positively predicts perceived training opportunities, while perceived training opportunities negatively predicts employee turnover.

Further correlations were identified, as financial wellbeing was found to be positively correlated with employee training, while employee training was negatively correlated with turnover intention.
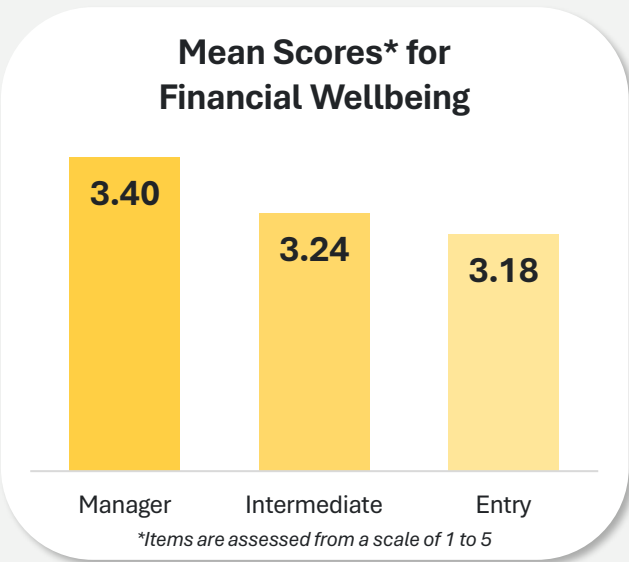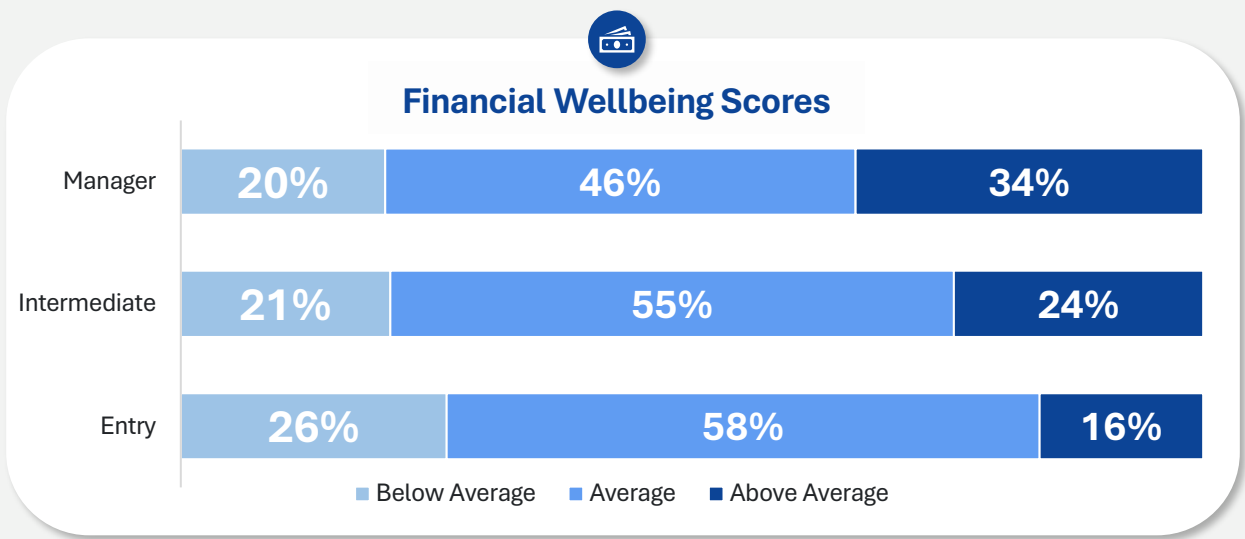
Such results suggest an indirect effect, wherein employees who have high financial wellbeing also value and have access to training opportunities as provided by their employers which, in turn, decreases turnover intention. Understanding the unique needs of employees will be crucial to retaining key talent who may be seeking more than just competitive pay.

Financial Wellbeing → *Positively predicts* → **Perceived Training Opportunities** → *Negatively predicts* → **Turnover Intention**

Financial wellbeing predicts the presence of training opportunities, which decreases the turnover intentions of an employee.
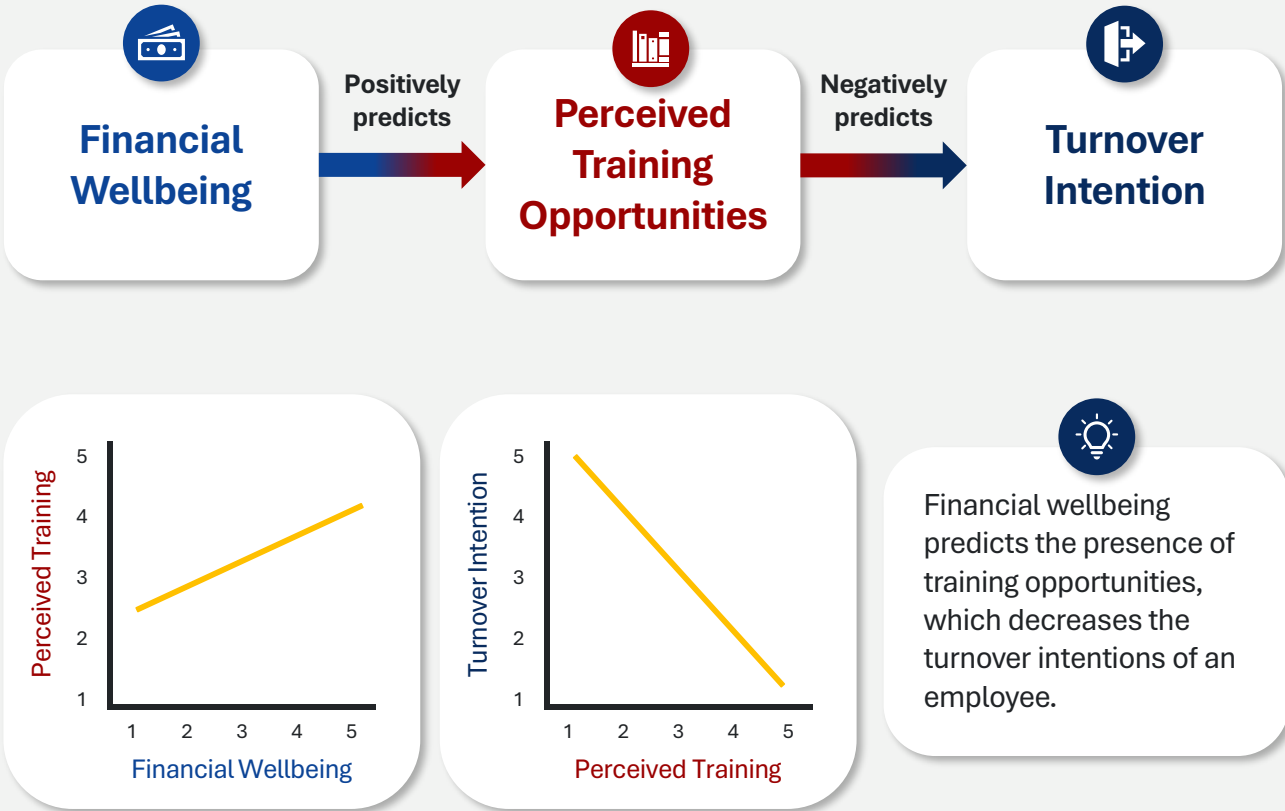
Entry level employees have the lowest financial wellbeing

In general, most respondents across the three roles levels specified for the study scored average on the financial wellbeing measure. However, entry level employees were found to have the lowest mean scores for this domain, with 26% classified as having below average financial wellbeing scores, the highest among the three levels.

Meanwhile, managers had the highest percentage of respondents who scored above average in financial wellbeing at 34%. A deeper look at the financial wellbeing subscales also shows that entry level employees exhibited the highest levels of financial stress, while managers had the highest levels of financial security.
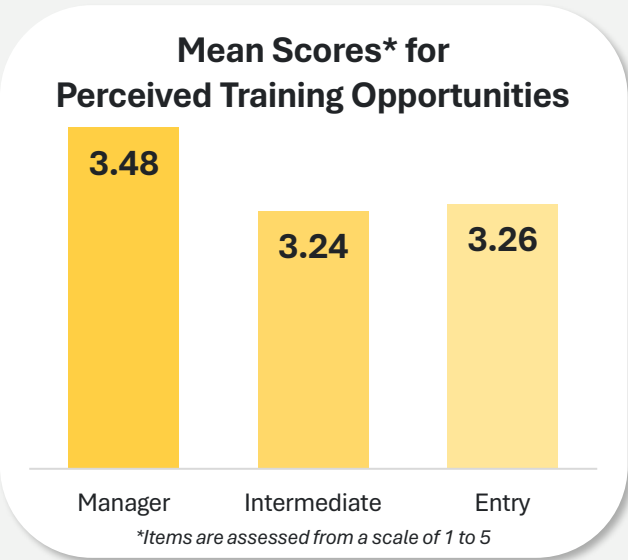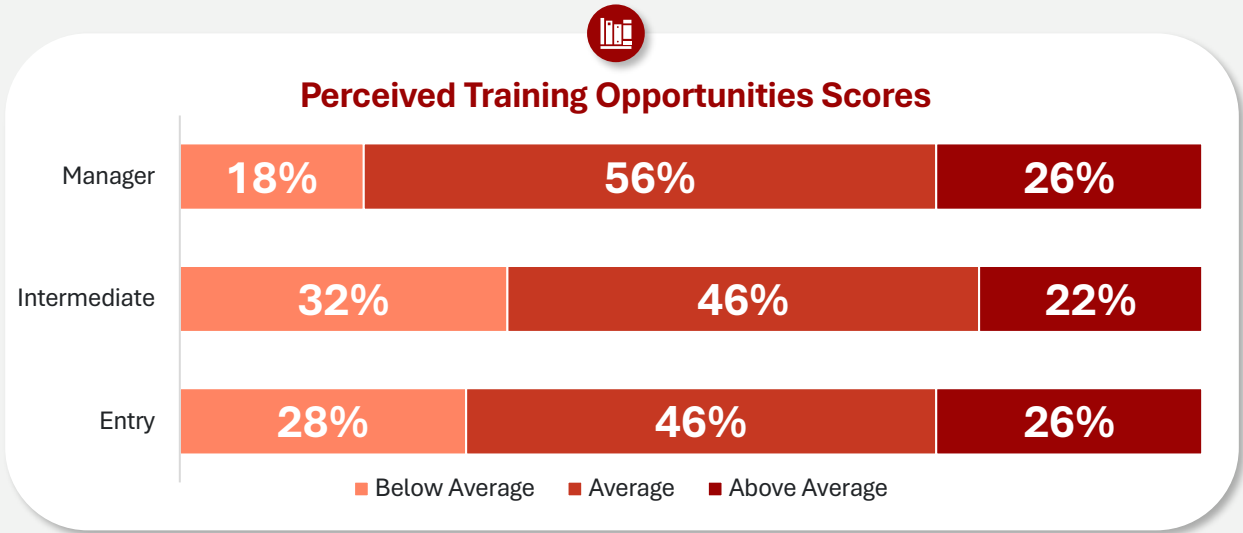
Financial Wellbeing Scores

	Below Average	Average	Above Average
Manager	20%	46%	34%
Intermediate	21%	55%	24%
Entry	26%	58%	16%

Mean Scores* for Financial Wellbeing

Manager	Intermediate	Entry
3.40	3.24	3.18

*Items are assessed from a scale of 1 to 5

53% of respondents believe that they will be able to achieve their financial goals

34% of respondents believe that they are behind with their finances

Managers receive more training opportunities than others

Results indicate that managers have the highest scores for perceived training opportunities, with most of them belonging to the average to above average range. This confirms the results of the main analysis, which showed that financial wellbeing positively predicts perceived training opportunities, and that the two are positively correlated.

It is the opposite case at the entry and intermediate levels, with most having average to below average scores for perceived training opportunities. Specifically, they were found to be less satisfied with the training they have received, with 28% of entry level respondents scoring below average and 32% for the intermediate level employees.
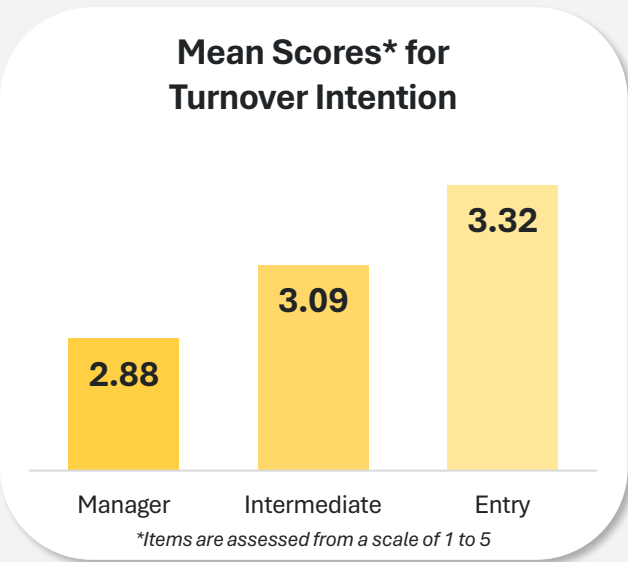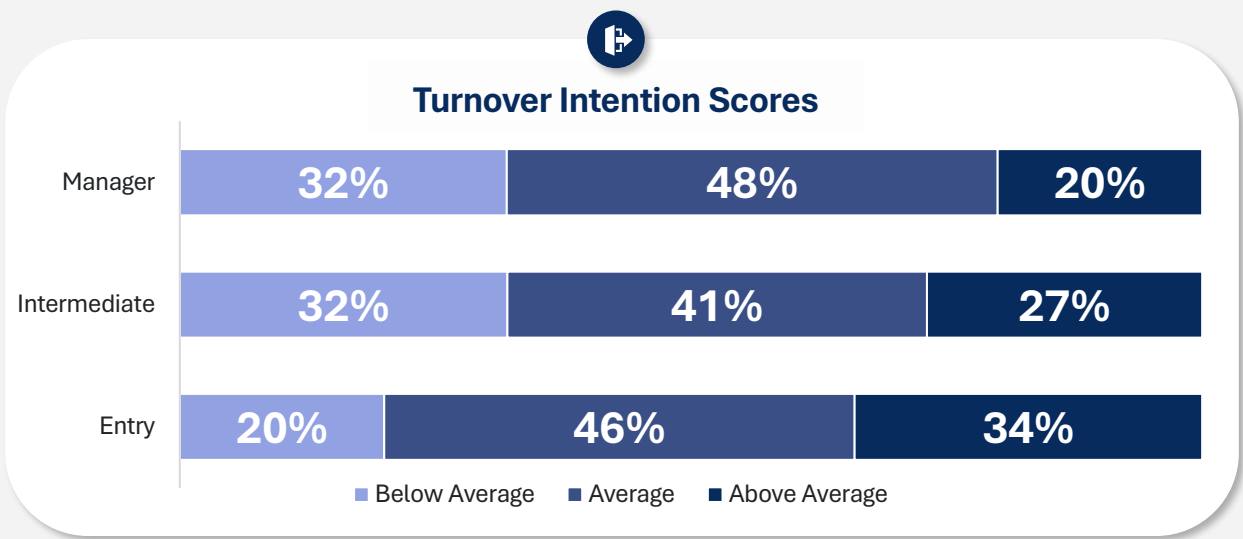
Perceived Training Opportunities Scores

	Below Average	Average	Above Average
Manager	18%	56%	26%
Intermediate	32%	46%	22%
Entry	28%	46%	26%

Mean Scores* for Perceived Training Opportunities

Manager	Intermediate	Entry
3.48	3.24	3.26

Items are assessed from a scale of 1 to 5

47% of respondents believe that their employers invest extensively in employee training

43% of respondents are satisfied with the training they receive

37% of respondents believe that the training they receive is not adjusted to their unique needs

Entry level employees are the most likely to leave their current employers

When it comes to turnover intention, respondents from the entry level were found to be most likely to leave their current employers, with majority belonging to the average to above average category for turnover intention. This is exemplified by the 34% who classified as having above average turnover intention, the highest percentage among the three levels.

This is an important result to consider, given that entry level employees had the lowest scores for financial wellbeing – further reinforcing the results of the main analysis which found that financial wellbeing directly affects and predicts employee turnover.

Turnover Intention Scores

Level	Below Average	Average	Above Average
Manager	32%	48%	20%
Intermediate	32%	41%	27%
Entry	20%	46%	34%

■ Below Average ■ Average ■ Above Average

Mean Scores* for Turnover Intention

Manager	Intermediate	Entry
2.88	3.09	3.32

*Items are assessed from a scale of 1 to 5

41% of respondents are thinking about leaving their current organizations

45% of respondents are planning to look for a new job

DISCUSSION

Discussion

Employee compensation is known to be one of the most influential topics in workplace studies, affecting various outcomes such as job satisfaction, motivation, productivity, and of course, turnover. The results of this study have confirmed that lower financial wellbeing directly leads to higher employee turnover intention, with entry level respondents garnering the lowest scores in this domain. This may be expected, as employees at this level usually have lower salaries due to having less experience or being new to the workforce. However, it is also possible that these employees are asked to perform additional tasks and assigned heavy workloads beyond their initial responsibilities without the appropriate compensation, leading to financial stress, burnout, and job dissatisfaction.

Regardless of role level, employers must seek to provide competitive pay not only for the purposes of retention, but to attract key talent as well. Aligning a candidate's pay relative to their expectations, skill level, and complexity of work can strategically position an organization in the war for talent, most especially as the competition for in-demand roles increases. Having performance-based bonuses or salary increases may also be explored, as it serves as additional compensation while also incentivizing work.

Providing training opportunities is essential to the professional development of a workforce, allowing them to acquire the competencies needed to meet business objectives. Upskilling and reskilling are especially important in the current business landscape as more complex challenges and new in-demand skills emerge. As demonstrated by the results of the main analysis, the presence of training opportunities directly affects employee turnover. This means that companies that can provide training opportunities that are tailored to specific learning needs on top of competitive pay are in a better position to retain key talent.

Discussion

Among the respondents, managers scored the highest in perceived training opportunities. Similar to providing competitive pay, access to adequate training opportunities must be available to employees of all levels as this can communicate that their career progression is valued and that they are worth investing in. Providing entry and intermediate level employees with the appropriate training may motivate them to further their growth and aim for promotions, while training managers can help future-proof the skills of key decision makers and establish a sustainable pipeline of leaders. Additionally, building talent from within can help organizations address unique needs without having to resort to costly recruitment processes.

Employee turnover continues to be a top concern for human resources teams, with industry reports stating that the country's average attrition rate ranges between 16 to 18%. In this study, entry level employees were found to have the highest turnover intention scores, on top of having the lowest financial wellbeing. With this, management must have strategies that can address the financial and training needs of entry level employees as they are the most likely to seek higher pay or better career growth opportunities in a different company.

Recognizing unique candidate expectations and exercising transparency early in the hiring timeline may help recruiters find the best possible fit. Similarly, engaging in dialogue with current employees can help inform the talent management strategies of an organization, especially if adjustments are required to address the evolving employee needs. Taking this approach can help enhance employer branding from the perspective of both candidates and existing employees, which may be the difference maker when it comes to recruiting and retaining key talent.

Discussion

As demonstrated, financial wellbeing and the availability of training opportunities emerged as key predictors of employee turnover. Given the correlation between them and how their presence can predict decreased turnover intention, organizations that can anchor their human capital strategies on those two factors are in a good position to retain their talent. However, other employee preferences must also be accounted for to further enhance retention strategies. This includes work set-up considerations, competitive health benefits, work-life balance, leadership support, and overall organizational culture.

With technology and data becoming more prominent elements of workforce planning, employers must be reactive and agile in generating the solutions needed to meet the changing times. Businesses can invest in a research and data-driven approach to addressing their needs. This includes leveraging the latest labor market data to better understand attrition rates, talent movement, talent and skills demand, and even conduct activities such as salary benchmarking, market selection analysis, and compensation and benefits analysis.

APPENDIX

Appendix A

Distribution of responses for key items

The information below contains the specific distribution of responses for the key items selected in this report which were used to better understand the sentiments of the respondents towards some key survey questions.
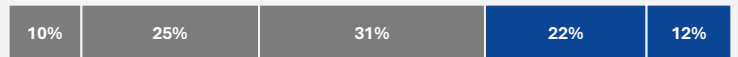
Financial Wellbeing

53% of respondents believe that they will be able to achieve their financial goals
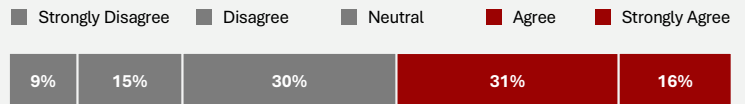
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4%	10%	33%	32%	21%
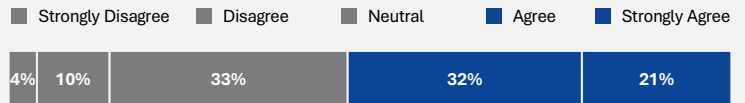
34% of respondents believe that they are behind with achieve their finances

10%	25%	31%	22%	12%

Perceived Training Opportunities

47% of respondents believe that their employers invest extensively in employee training

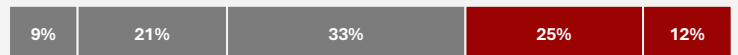| Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9%	15%	30%	31%	16%

43% of respondents are satisfied with the training they receive

10%	24%	23%	28%	15%

37% of respondents believe that the training they receive is not adjusted to their unique needs

9%	21%	33%	25%	12%
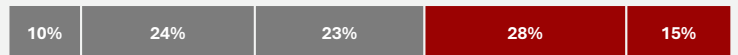
Turnover Intention

41% of respondents are thinking about leaving their current organization

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
22%	17%	19%	20%	21%

45% of respondents are planning to look for a new job

23%	14%	17%	18%	27%
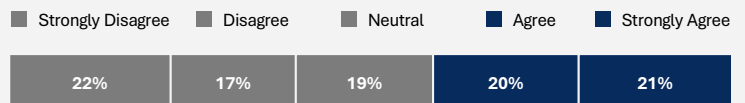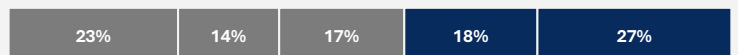
Appendix B

Item scale reliability

The following information enumerates the specific items that were used to measure financial wellbeing, perceived training opportunities, and turnover intention:

Perceived Financial Wellbeing Scale adapted from Netemeyer et al. (2017)

1. I am becoming financially secure.
2. I will achieve the financial goals that I have set for myself.
3. I will be financially secure until the end of my life.
4. I am securing my financial future.
5. I will be able to save enough money to last me to the end of my life.
6. I am behind with my finances.
7. Whenever I feel in control of my finances, something happens that sets me back.
8. Because of my money situation, I feel I will never have the things I want in life.
9. My finances control my life.

Perceived Training Opportunities Scaled adapted from Dysvik and Kuvaas (2008)

1. My organization invests extensively in improving the levels of competency among the employees.
2. I am satisfied with the training and development I have received.
3. It is important for my organization that its employees have received the necessary training and development.
4. The training and development I have received is not enough to solve the tasks I am responsible for. I feel certain that I will get the necessary training and development to solve any new tasks I may be given in the future.
5. The training and development I have received is not individually adjusted to my personal needs.

Turnover Intention Scale adapted from Kelloway et al. (1999)

1. I am thinking about leaving my current organization.
2. I am planning to look for a new job.
3. I intend to ask people about new job opportunities.
4. I don't plan to be in my current organization much longer.

Appendix C

Item scale reliability

The following tables contain the item reliability results generated by the statistical software jamovi from conducting a reliability analysis on the variables financial wellbeing, perceived training opportunities, and resilience:

Item Reliability Statistics: Financial Wellbeing

|	Cronbach's α if item dropped
FSEC1	0.845
FSEC2	0.837
FSEC3	0.841
FSEC4	0.840
FSEC5	0.833
FST1-R	0.852
FST2-R	0.854
FST3-R	0.838
FST4-R	0.862

Item Reliability Statistics: Perceived Training Opportunities

	Cronbach's α if item dropped
PTO1	0.777
PTO2	0.752
PTO3	0.800
PTO4	0.800
PTO5	0.796
PTO6	0.810

Item Reliability Statistics: Turnover Intention

	Cronbach's α if item dropped
TI1	0.913
TI2	0.901
TI3	0.941
TI4	0.923

Appendix D

Histograms and boxplots

The following at the histograms and boxplots generated by the statistical software jamovi used to check outliers and normality for the variables positive feelings, burnout, and resilience:
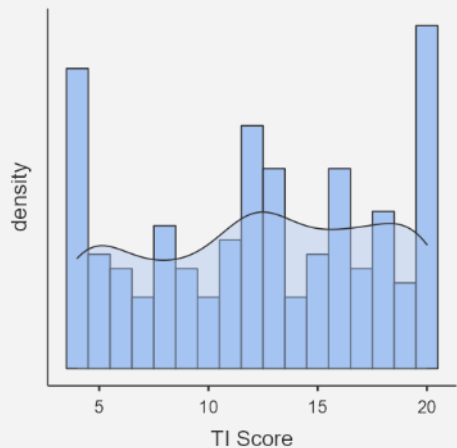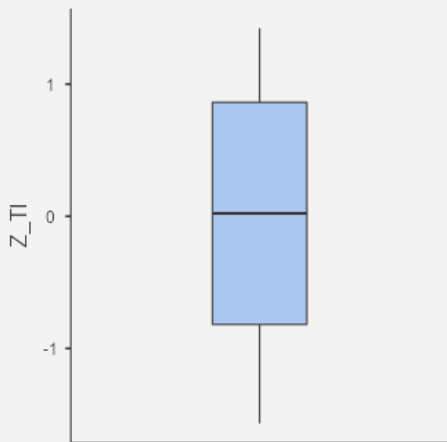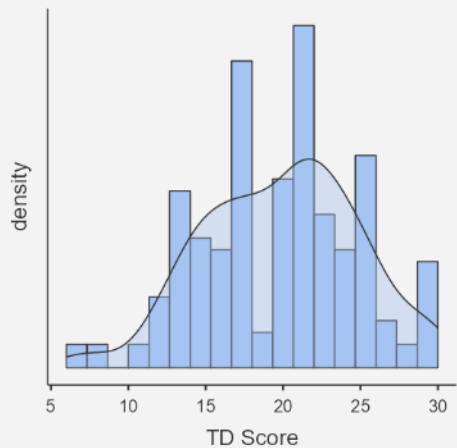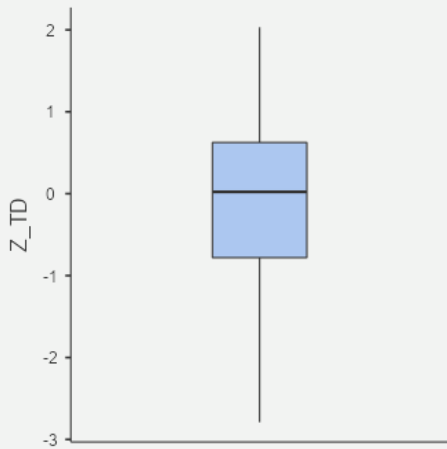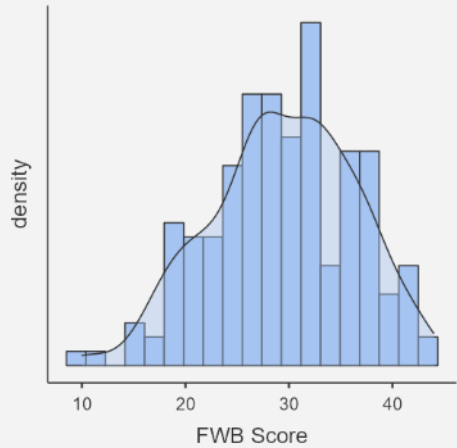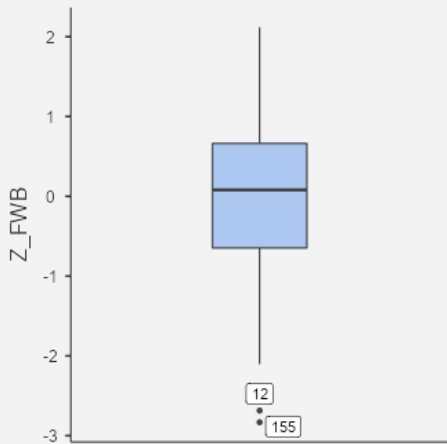
Appendix E

The following are the scatterplots generated by the statistical software jamovi used to test for the assumption of linearity for the variables positive feelings, burnout, and resilience:
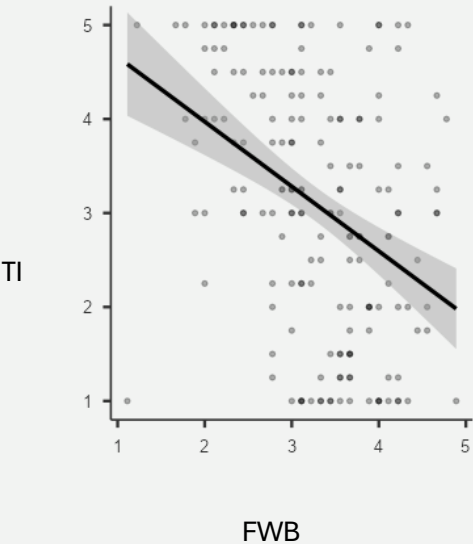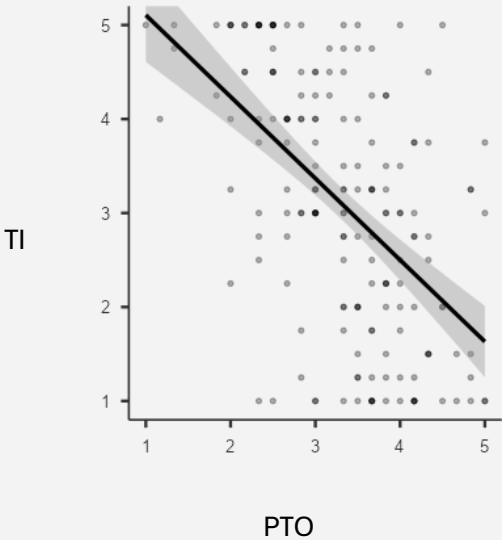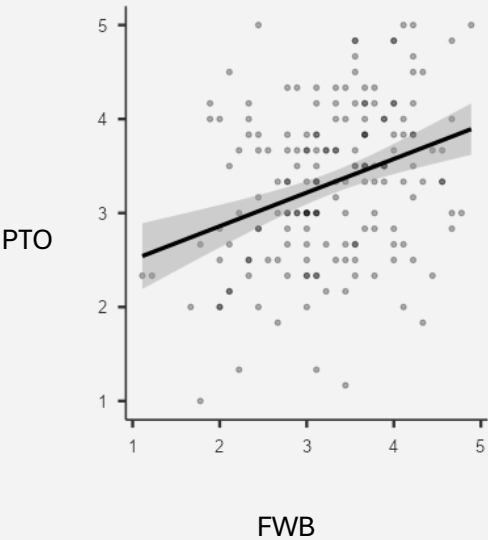
Correlation Matrix

		FWB	TI	PTO
FWB	Pearson's r	—		
	df	—		
	p-value	—		
TI	Pearson's r	-0.393	—	
	df	176	—	
	p-value	<.001	—	
PTO	Pearson's r	0.329	-0.539	—
	df	176	176	—
	p-value	<.001	<.001	—

Appendix F

Levene's test and descriptive statistics

The following tables contain the results of the Levene's test that was used to assess the homogeneity of variance assumption and the general descriptive statistics for the three variables:

Levene's test

	Statistic	df	df2	p
FWB	0.156	2	175	0.855
TD	3.49	2	175	0.033
TI	0.310	2	175	0.734

Descriptives

|	FWB	PTO	TI
N	178	178	178
Mean	3.27	3.31	3.10
Standard Deviation	0.763	0.830	1.34
Skewness	-0.425	-0.133	-0.164
Std. error skewness	0.182	0.182	0.182
Kurtosis	-0.357	-0.301	-1.22
Std. error kurtosis	0.362	0.362	0.362
Shapiro-Wilk W	0.988	0.986	0.926
Shapiro-Wilk p	0.116	0.084	<0.01

Appendix G

Regression table and statistical mediation diagram

The following table contains the results of the mediation analysis that was conducted to determine the relationship among the key variables. Additionally, the statistical diagram is also included to help better describe the linear regression between variables.

Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I.		B	Z	p
				Lower	Upper			
Indirect	FWB > PTO>TI	-0.265	0.0736	-0.416	-0.131	-0.151	-3.60	-3.60
Component	FWB> PTO	0.358	0.0839	0.192	0.520	0.329	4.26	4.26
	PTO>TI	-0.740	0.1024	-0.942	-0.545	-0.459	-7.23	-7.23
Direct	FWB>TI	-0.424	0.1324	-0.683	-0.164	-0.242	-3.20	-3.20
Total	FWB>TI	-0.689	0.1328	-0.943	-0.434	-0.393	-5.19	-5.19

Statistical Diagram
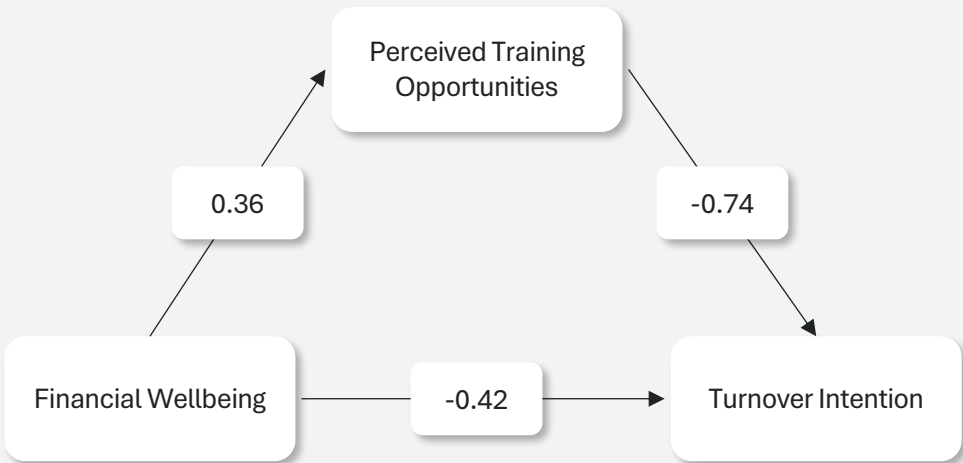
Indirect effect = -.265, bootstrap S.E. = .0736, BCI: -.416 to -.131

Z|M|G GROUP

Research and Talent Intelligence