“Cause, Effect and Remedies of Employee Turnover”: A Critical Literature Review

Tapaswini Panigrahi¹, Maitrayee Rout²

First Author
Assistant Professor, School of Management Studies, GIEET University, Gunupur, Odisha, India, Mail id: tapawini.196@gmail.com

Second Author
Assistant Professor, School of Management Studies, GIEET University, Gunupur, Odisha, India
Mail id: rout.maitrayee@gmail.com

ABSTRACT:

“Employee Turnover” is a familiar term in today’s organization, it means percentage of employees leaving work place and replaced by new employees. This is a very sensitive and highly challenging field for the management to control and regulate. A few study have been made on this topic to know the causes of turnover in different organizational prospective. It is observed that the rate of turnover fluctuates in different workplaces according to the circumstance but the motives behind are relatively comparable. The researchers in this literature study tried to highlight the different causes of turnover, their affect on organization and suggest some remedial measures to overcome voluntary employee turnover by referring number of research articles. This specific study follows a status quo model of literature review, which allows the reader to understand the recent trends and practices to reduce turnover of employees in the organizational practices.

Key words: Employee turnover, organizational practices.

I. INTRODUCTION

As per Diwakar Singh(2019) workers are the most significant, useful and productive resource and it’s an challenge for managers to retain them. Employee Turnover has always been an important issue in modern human resources management literature. Dalton and Todor (1979) identified scientific literature on employee turnover written as early as 1900. This paper tries to highlight on voluntary turnover. Consequently, managers at all cost attempts to reduce voluntary turnover rate among employees. As ‘per Linked in’ report in USA highest 17% turnover is in marketing and research sector, media and communication, HR 15%, sales, engineering and operation 13%. As per ‘Work Institute’ report 77% voluntary turnover is avoidable. On account of globalization; and it’s developing complications; rivalry is progressively intense and to sustain in this aggressive world; organizations must provide quality product, update policy and effective process implementation which depend on systems created by workers. “Employees are vital to the association as their inducement to the association is fundamentally indefinable in nature and not actually reproduced Meaghan et al. (2002).” 

In this manner, managers must recognize that workers are supporting significantly for the accomplishment of prosperity for the association's Abbasi et al. (2000). “Human resources specialists suggest that employee turnover negatively affect performance of organization by loosing skill, knowledge and abilities developed through experience and training (Ployhart et al. 2014); Pollitt 2000).” High employee turnover also disturb trust of employees and creates social unrest. “Stable job tenure and high-quality professional networks on the contrary have a positive impact on performance (Leana and Van Buren 1999).”

Objective of the study

1) To identify different causes of turnover of employee.
2) To know turnover effect of employees and on the organization.
3) To know different remedial measures to control voluntary turnover.
II. SUMMARY OF THE ARTICLES:

This paper consists of four parts; the first part speaks about the detailed definitions of turnover proposed by different authors in the context of manpower inventory.

Second part deals with the different reasons of turnover in past and present, in specific the factors which are responsible. This chapter is further divided into four more sub areas i.e. job related factors, organization related factors, employee related factors and environmental related factors.

The third chapter elaborated the detailed literature on the effects of this employee turnover on the efficiency and functioning of an organization.

Fourth and last chapter presents the detailed literatures on the possible remedial strategies available to minimize employee turnover issues.

It is to note that the temporary laborers who were contracted to meet occasional stream of business are not coming under the study. The sources of information for this paper were collected from databases, scholastic diaries, magazines, from books and research papers.

2.1. Defining employee turnover

“Rate of turnover can be speedily depicted as how quick the businesses or association join and lose workers (Chikwe, 2009) and is a much considered wonder Shaw et al. (1998)”. “Workers rotation inside the job market is known as employee turnover or occupation showcase; within firms and occupations; and the versatility in the middle of the conditions of with a job and joblessness Abassi et al. (2000)”.

“The statement “turnover” is denoted by Price (1977): the percentage of hierarchical persons who leave in the middle of a given time period being viewed as isolated by the regular individuals working in that association in that period”. “This contracting, terminating, saving, cutback, holding representative is known as cycle of replacement is also known as turnover Woods, (1995)”. In-voluntary turnover means when workers are asked by the organization to leave. It is also known as automatic turnover. “Involuntary turnover generally happens when either there is restructuring in the company, or the performance of the employee is not up to the expectations (Allen, Bryant, & Vardaman, 2010)”. “Automatic turnover may help enhancing profitability in light of the fact that failing to meet expectations representatives were expelled (Davidson and Wang, 2011)”.

“Employee also leaves organization due to job dissatisfaction, job in security, fluty pay policy, lack of job autonomy, poor relationship with team members, poor working conditions, lack of opportunity for career development etc. (James & Mathew, 2012)”. In this paper ‘voluntary turnover’ is the subject of concern.

2.2. REASONS OF EMPLOYEE TURNOVER

It is an attempt to uncover the different reasons of turnover in different work places. Today, due to absence of consistency is in the research findings, there are different reasons with respect to this theme to bring up that; why individuals quit their place of employment. In this article we use secondary data as our source of information. We collected research review from multiple journals, books and magazines to write this article.

2.2.1. Job Related Factors

2.2.1.1. Job Satisfaction:

Genuinely, it reflects the degree of individual happiness with the job. There is a negative correlation between job satisfaction and employee turnover(r=0.642). “Contentment of work was observed to be perversely identified with turnover (Tett and Meyer, 2003; Griffeth et al, 2000; Khatri et al, 2001; Vong, 1993) recommended; work satisfaction in the most extrapolative factor of turnover”. “According to B. L. Das & Baruah (2013) job satisfaction is achieved when the expectation of employees which he brings with him at the time of joining the organization matches with the reality”. “Research find out that substance of employment satisfaction majorly affects turnover Courtney & Younkyoung,(2017)”.

2.2.1.2. Job Stress:

“The experience of job based pressure, lack of responsibility and distress in employment make workers to discontinue Firth et al. (2004)” Other elements like a sense of powerlessness and locus of control additionally impact somebody to sustain or leave their activity. “Locus control signifies the degree of people’s believe; that external components affecting their lives Firth et al. (2004)”. Job dubiousness and vulnerability with respect to their job in an association additionally one of the reason of turnover. “Deficient information concerning how to play out the activity, unbalanced wants for mates and boss, equivocalness of usage and assessment methods, wide occupation loads, and absence of harmony on business capacity or commitments may make agents feel less included and less content with their livelihoods and callings, less committed to their affiliations, and finally develop a propensity to leave the affiliation (Tor et al., 1997)”. Workers may prefer to stop their employments due to lack of role clarity. Stress is a fluffy term as in it is difficult to quantify. Spector (2003) says that work related pressure leads to different outcome like diminished competency, absenteeism and at last worker turnover”.

Volume XII, Issue III, 2020 Page No: 3960
“Wallace's (2003) overseeing shift work, he showed that lengthy hours of work, unstable movements, restricted breaks and mental pressure, anxiety, physical steadiness are the worries that lead to work related pressure”. “The more the disagreement exists, the higher the turnover rate will be (Allen, Herst, Bruck, and Sutton, 2000)”.

2.2.2. Organization related Factors

2.2.2.1. Ineffective Employee Management
Poor staff management Costly et al. (1987) noticed that if work turnover is high it indicates poor staffing approaches, poor supervisory practices, poor complaint strategies, or absence of motivation. It again implies improper management practices on work force matters henceforth no proper and logical staffing and selection of workers, improper worker advancement without matching with work place strategies, no legitimate measures for complaint handling, when it is required; are some of the causes for workers turnover, Griffeth et al; (2000). Different components that prevent workers from work places are poor procuring process, absence of acknowledgment, absence of fair payment framework within the organization and a condition of toxic work surroundings Abassi et al. (2000). It is said that representative leave the executives not the association. Superior, subordinate interaction is unavoidable in the work place so as the presence of conflict (West, 2007).

2.2.2.2. Organizational Commitment
The quality speaks the degree of the workers consideration and acknowledgement towards the value and the objective of the organization (Mowday, Porter, and Steers, 1982), and the amount of readiness to contribute their endeavors for it (Meyer and Allen, 1991). The point is that, relationship is solid when commitment is high and if the commitment is low it is frail. Maxwell and Steele (2003) find out; outstanding burden, relational bonding, acknowledgment and payment expectation have been influencing to the dimension of responsibility. In the research led by Lee (2000), find out alleged institutional fairness additionally had a constructive relationship with hierarchical responsibility. There is a quality of connection in between workers and their workplace (Upchurch, Dipietro, Curtis, and Hahm, 2010).

2.2.2.4. Compensation and Benefits
Griffeth et al. (2000) another essential point is that turnover modestly affect by compensation and pay-related factors. People work to get their livelihood. It is logical that for their effort employees demand an appropriate pay and compensation. Such pay might be offered in direct money related reward like wage, salary, bonus or incentives and packaged with other indirect non-fiscal reward; for example, health insurance (Mondy, 2010). A company with poor compensation policy has a poor working environment Hong, Hao, Kumar, Ramendran, & Kadiresan (2012). For 27% employees the prime reason for leaving organization is compensation Kumar & Arora (2012). As it is reasoned that when efficient workers are remunerated ineffectively, they quit. Employees prefer to stay in occupations that give them satisfactory monetary reward. When workers fill that their managers not offering payment as per their expectation, they prefer to quit(Mondy, 2010). As Milkovich and Newman (2002) watched, employees wanted to quit the organization when an opponent organization has a predominant pay offer.

2.2.2.5. Career Development Opportunity
This is crucial as Hartman and Yrle (1996) researched to find out the impact of; absence of employee self-development to the rate of turnover. They foresaw that workers are probably going to wind up and prefer to depart when they saw restricted or limited career growth possibilities. Arthur (1994) saw that talents anticipated scaling their profession progressive system by moving crosswise over organizations rather than a consecutive move inside a similar organization. Barron, Maxwell, Broadbridge, and Ogden (2007) even discovered that youngsters anticipated faster and straight advancement by changing occupations all the time. Employees are leaving for a superior reimbursement as well as for a senior post and position (“Job-bouncing comes back once more”, 2006). Baruch (2004) contended that workers preferring to switch organization dependability for all the more present moment and financially advantageous business opportunity.

2.2.2.6. Work Place Instability
It is one of the prominent causes of representative turnover. Signs are that workers are bound to remain when they found a predictable workplace (Zuber, 2001). Carelessness in the chain of command prompts an abnormality in turnover of worker (Alexander et al., 1994). In unsteady and unstable workplace; workers will prefer to give up and search for a stable workplace because these types of organizations would provide them professional success. Solid correspondence framework with transparency is one of the imperative factors each representative needs now and a solid association can pleased with low employee turnover (Labov, 1997). Workers prefer to stay longer; in any work place where they fell satisfied and secure.
2.2.3. Employee Related Factor

2.2.3.1. Employee Motivation

This is one of the most fundamental subjects for employees. Motivation means an internal driving force to do or to achieve something. Numbers of motivational theories are given by different management scientists. Need hierarchy theory of Abraham Maslow's (1954) and two-factor theory of Hertzberg's (1968) are two common and popular points of reference.

Later Holt (1993) grouped motivation factors into two sorts like extrinsic and intrinsic. Outside invigorating variables including pay, advancement and employer stability were coming under extraneous gathering, while confidence and self completion were put into the natural gathering. Motivation has been thought about as both ward that is dependent and independent variable (Wall Jr and Callister, 1995; Wong, Siu, and Tsang, 1999) (Kim and Jogaratnam, 2010). Issues related with motivation induce turnover, and it may moreover lessen motivation measurement of residual workers (Kim and Jogaratnam, 2010).

Employee motivation directly affects the turnover in an organization. It was connected with different administration subjects including work fulfillment, purpose for turnover, authoritative responsibility etc. Internal variables; for example, self-complacency was observed to be extensively correlated with turnover expectation. Employee motivation issue prompts turnover, and the turnover may additionally diminish similar dimension of remaining workers (Kim and Jogaratnam, 2010).

2.2.4. Environmental Related Factors

Availed elective degree for business opportunity, generally called expected effortlessness of advancement, is the perspective on the openness of occupation substitutes (Lee and Mitchell, 1994). This factor is associated with the outside condition, for instance, availability of occupation opening and joblessness rate. Previous examination of Hulin, Roznowski, and Hachiya (1985), they find an important association between openness of occupations and turnover. Different examinations recognized that, acknowledgment ignite the intention turnover (Griffeth, Hom, and Gaertner, 2000; Khati et al, 2001; Mor Barak, Nissly, and Levin, 2001). We can say availability of occupation alternatives in the market:impact directly to employee turnover like more choice high turnover and vice versa.

2.3. Effect of Employee Turnover

For an organization employee turnover is expensive. Turnover which is voluntary in nature speaks on resettlement of investing on human capital from organization Fair (1992) and the resulting interchange of workers may involve different expenses to it. With human-intensive services, high turnover of worker would promote number of negative out come. Hinkin and Tracey (2000) estimated the expense of turnover regarding cost of dissociation, replacement and loss of production, and so on. The loss of production originated out the gap in between the high efficiency of the withdrawing employee and the reduced sales, and low execution of new workers at the beginning because of their learning and adaption period in an organization. The turnover–performance relationship for these kinds of tasks can therefore be expected to be purely linear and negative Jan Wynen, Wouter Van Dooren, Jan Mattijs &Carl Deschamps(2018)

These replacement costs involve searching the external work platform for a feasible alternate, choosing among them, acceptance and introduction of the selected substitute, and arrangement of their formal and informal training until the person’s level of proficiency should be proportionate to the person who quit John (2000).

Scholars claimed that if employee turnover is high it might influence adversely to the profitability of the the organization if not dealt with appropriately (Hogan, 1992; Wasmuth and Davis, 1993; Barrows, 1990). Customer administration and execution influenced by turnover Kemal et al. (2002), Catherine (2002) other costs like, lose of profitability, lose of sales, and the executives’ time. Lose of profitability is, the major negative impact of turnover for employers.

Hendrie (2004) found that extra work burden extended work pressure of the existing colleagues and members of the team. Waldman, Kelly, Arora, and Smith (2004) found that a continually high turnover rate demoralize the existing workers by repeated training responsibility. This sort of issue is more common event of in the U.S.A based hospitality industry (Woods and Macaulay, 1989). Woods and Macaulay (1989) these two pioneer scientists focused on the link between's turnover rate, performance and profitability. For the organization the loss of intellectual capital in one hand; when an employee is withdrawing, in other hand; it might be a prospective gain for the for the competitors Meaghan et al.(2002).

If turnover of workers are not handled appropriately it may influence the organizations efficiency, profitability, image and reputation adversely and further it would influence its survivability position. In this way, it can put a notable affect on cost, both as direct cost (staff recruitment, selection and time management ) and as indirect cost (moral stress on existing staff, expenses of learning, quality of administration, organizational value system ,etc) and the loss of social capital Dess et al. (2001).
2.4. Employee Turnover Minimizing Strategies

2.4.1. Degree of the Organization’s Involvement and Knowledge Accessibility

It makes a suitable situation for workers to stay in the organization. Transparency or dissemination of information in different dimensions i.e. top to bottom and bottom up approach helps for knowledge accessibility and worker involvement. Data availability would promote solid performance from the workers also built sturdy business traditions Meaghan et al. (2002) that help performance and productivity of employees and keep up their trust on the management.

2.4.2. Workforce Optimization and Autonomy

The organizations’ attainment for optimizing workers performance by providing them essential procedures of works accomplishment. By giving them favorable work condition, responsibility and by following a good hiring choice would hold representatives with them (Badawy, 1988; Basta and Johnson, 1989; Garden, 1989; Parden, 1981; Sherman, 1986). The degree of job opportunity, freedom, work scheduling and rescheduling, deciding work procedure; the information about the viability of one's past work performance,(Tor et al., 1997). So work force optimization and autonomy directly influence employee turnover.

2.4.3. Employees Job Involvement

Over the long run employees involvement with the job portrays a person's sense of self involvement with the work and indicate the degree of a person’s mental connection with the job(Kanungo,1982) or psychological connection of the worker with the work . Job attributes have been observed to be possible element of workers turnover (Couger, 1988; Couger and Kawasaki, 1980; Garden, 1989; Goldstein and Rockart,1984).It has been observed that involvement with the job has adversely influencing turnover intention of employees (Blat and Boal, 1989). More involved workers with their job are more connected with their employments and increasingly devoted and focused to their workplace (Blau and Boal, 1989; Brooke and Price, 1989; Brooke et al., 1988; Kanungo, 1982).Organizational commitment, satisfaction and involvement with the job are viewed as linked yet recognizable attitude (Brooke and Price, 1989).

2.4.4. Empowerment of Employees

Worker empowerment helps to improve and assure the continuation of workers in an organization. Empowered workers needs less supervision than in a traditional chain of command and allot more power to their subordinate (Malone, 1997). Managers can act like mentors and help workforce to take care of their issues. A superior empowers their subordinates by assigning responsibilities and work freedom. Satisfied subordinates contended with their leaders and believe on them to be reasonable and thus perform as per their expectation (Keller and Dansereau, 1995). It can make workers; loyal and dedicated towards the organization and reduce the likelihood of turnover

2.4.5. Alertness of Management to Identify the Reason of Turnover

The managers are often urged to recognize the reasons of worker turnover with the intention to take suitable and quick action on the ground to reduce both the cost of employee turnover whether it is direct or indirect. Measures like productive employee engagement helps to retain and optimize the value of employees, focusing on scientific job design, job analysis and efficient use of employees should be taken by the management to trim down turnover. Management’s commitment, support and appreciation would motivate employees to stay in the organization.

III. Conclusion

To sustain in this dynamic world; is possible by treating employees as one of the important assets. It needs a lot of attention and care. Employees play a prominent role to any business and thus, they need to be motivated and maintained. In order to increase their competitiveness in this globalised world, managers are responsible to find out the reason behind employee turnover and suggest the best possible measures to successfully retain quality employees in their workplace. Employees should be hired on the basis of their ability and knowledge, by following procedures of the organization. They should assign challenging work, provided with an environment to grow in their career path with adequate and fair compensation. These talent needs to be monitored carefully. Hence, if all the above given measures are taken care of then it may prove beneficial to reduce turnover of employee.
REFERENCES


[18] Jan Wynen,Wouter Van Dooren,Jan Mattijs &Carl Deschamps


AUTHORS PROFILE

First Author profile: Professor Tapaswini Panigrahi is a MBA from IGNOU, she is also a post graduate in economics from Berhampur University, having expertise in the field of Human Resource Management and economics. She is having eight years of teaching experience in different reputed B-Schools in Odisha. At present she is serving as an Assistant professor at GIET University, Gunupur, Odisha. There are many research publications in her credit and she has also attended many international & national seminars, conferences and workshops.

Second Author profile: Professor Maitrayee Rout is a MBA from Biju Patnaik University, the State Technical University of Odisha having expertise in the field of Human Resource Management and OB. She is having eleven years of teaching experience in different reputed B-Schools in Odisha. At present she is serving as an Assistant professor at GIET University, Gunupur, Odisha. There are many research publications in her credit and she has also attended many international & national seminars, conferences and workshops.