

# Employee Turnover: Measures to Control it

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## ABSTRACT

Employee turnover is the process of replacing one worker with another for any reason. A turnover rate is the percentage of employees that a company must replace within a given time period. This rate is a concern to most companies because employee turnover can be a costly expense, especially for lower-paying jobs, which typically have the highest turnover rates. Having an employee leave a company, either because of his or her choice or after being fired or otherwise let go, might require various administrative tasks to be performed and severance pay or other payments made to the employee. Change is inevitable, but it can be costly for your business. Employee turnover is an element of change that directly affects your bottom line. By understanding the common reasons for high employee turnover, you will be better able to protect your business from a high cost. Employees who are well-compensated, challenged, engaged and properly managed will likely be loyal, productive members of your workforce for years to come. This paper lays stress on understanding employee turnover and what measures can be taken to control it.

**Keywords:** Employee, Turnover, Company, Compensated.

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## I. INTRODUCTION

In human resources context, **turnover** is the act of replacing an employee with a new employee. Partings between organizations and employees may consist of termination, retirement, death, interagency transfers, and resignations. Turnover rate is the percentage of employees in a workforce that leave during a certain period of time. If an employer is said to have a high turnover rate relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novices. Companies will often track turnover internally across departments, divisions, or other demographic groups, such as turnover of women versus men. Most companies allow managers to terminate employees at any time, for any reason, or for no reason at all, even if the employee is in good standing. Additionally, companies track voluntary turnover more accurately by presenting parting employees with surveys, thus identifying specific reasons as to why they may be choosing to resign. Many organizations have discovered that turnover is reduced significantly when issues affecting employees are addressed immediately and professionally. Companies try to reduce employee turnover rates by offering benefits such as paid sick days, paid holidays and flexible schedules.

## II. TYPES OF TURNOVER

There are various types of turnovers:

1. **Voluntary** is the first type of turnover, which occurs when an employee voluntarily chooses to resign from the organization. Voluntary turnover could be the result of a more appealing job offer, staff conflict, or lack of advancement opportunities.
2. **Involuntary**, which occurs when the employer makes the decision to discharge an employee and the employee unwillingly leaves his or her position. Involuntary turnover could be a result of poor performance, staff conflict, the at-will employment clause, etc.
3. **Functional**, which occurs when a low-performing employee leaves the organization. Functional turnover reduces the amount of paperwork that a company must file in order to rid itself of a low-performing employee. Rather than having to go through the potentially difficult process of proving that an employee is inadequate, the company simply respects his or her own decision to leave.
4. **Dysfunctional**, which occurs when a high-performing employee leaves the organization. Dysfunctional turnover can be potentially costly to an organization, and could be the result of a more appealing job offer or lack of opportunities in career advancement. Too much turnover is not only costly, but it can also give an organization a bad reputation.

### III. REASONS WHY GOOD EMPLOYEES QUIT THE ORGANISATION

1. Rude behavior
2. Work-life imbalance
3. The job did not meet expectations
4. Employee misalignment
5. Feeling undervalued
6. Coaching and feedback are lacking
7. Decision-making ability is lacking
8. People skills are inadequate
9. Faith and confidence shaken
10. Growth opportunities not available

### IV. REVIEW OF LITERATURE

Mehta(2014) This paper is to review the findings of research papers of various authors to derive the factors that impact employee commitment and retention in a work environment. This study examines the following factors: career development opportunities, effective talent management strategies, recruitment, on boarding and orientation, investment in training and development, compensation and benefits, work life balance, culture of the organisation, leadership, communication, image of the company, autonomy and empowerment, Gallup audits, personal causes, role of HR head and supervisors, work related policies and flexi time, performance appraisals and career growth and development opportunities.

Medina(2012) This study explores the relationship between job satisfaction and employee turnover intention in the context of organizational culture, using data from the Quality of Work Life (QWL) module, a sub-section of the General Social Survey (GSS). This study finds that job satisfaction is inversely associated with turnover intention and that organizational culture moderates the magnitude of this relationship. Sub-group analyses reveal that job satisfaction is more predictive of turnover intention for younger workers. These findings have significant implications for the changing composition of workforce due to the aging population.

Tariq et al. (2013) The main purpose of the study is to determine the impact of employee turnover on the performance of an organization. The research study supports the argument of Derek (2006) that the employee's turnover positively associated with the organization inefficiency. The measures for analysis are employee turnover, work load, work stress, employee salary, job satisfaction, and work to family conflict. Correlation and regression tests are used for research studies in order to analyze the relationship among independent and dependent variables. It is clearly evidenced that there is negatively relationship between the dependent variables of organizational performance and the Independent variables employee turnover, workload, work stress, salary, family to work conflict.

Rehman(2012) This study aims to identify the main turnover factors in some public sector regulatory authorities and to suggest some employee retention strategies within the Pakistani context. Data was collected by a questionnaire distributed amongst 568 employees, developed on the basis of extensive literature review. The importance of having a retention strategy, which is based on a well articulated human resources management system, was stressed.

Pillaya et al. (2012) The purpose of the paper is to identify key factors influencing employee retention in the South African national government departments as a guide towards developing effective employee retention strategies. For the determination of employee turnover rates and benchmarks, 33 national departments were classified into three homogenous subgroups with respect to their number of employees (Phase one). Thereafter the employee turnover rates for each department and benchmarks for each subgroup were determined (Phase two). These employee turnover statistics were analysed for all 33 national departments in the three subgroups and used as guidelines for the selection of cases for the multiple case (Phase three).

### V. MEASURES TO CONTROL EMPLOYEE TURNOVER

- 1 Pay more.** In the free marketplace, cash is king. If you're willing to pay your employees more than a competitor would, they'll be less likely to leave for other work.
- 2 Offer potential for advancement.** Employees like to feel like their hard work is being rewarded. As a manager or business owner, part of making sure your employees feel this way is compensating them fairly for their work, but another part is giving them the opportunity to achieve the non-tangible benefits of recognition and advancement.
- 3 Rebalance the work load.** If an employee's work is stressful, monotonous, or extremely difficult, different jobs with comparatively easy work loads will start to look very attractive. Never work your employees to the point of exhaustion.
- 4 Offer competitive benefits.** Increasingly, people looking for work don't just consider the salary being offered by a potential employer, but also the benefits provided. By offering affordable benefits like health insurance, dental insurance, 401K plans, and, as mentioned above, stock options, you can make a job at your company more appealing than one at a competitor's, decreasing employee turnover.

- 5 **Encourage friendly employee relationships.** To long-time employees, co-workers and bosses can function like something of a family, providing friendly relationships, conversation, and sometimes even emotional intimacy. Don't let your employees' jobs become a source of a source of boredom or dread for them.
- 6 **Trust your employees with responsibility.** People tend to work hardest (and smartest) when they think their jobs matter. Though this is often forgotten by even the best managers, it's surprisingly intuitive.
- 7 **Hire more selectively.** Picking employees that have exactly the right qualifications and personality for the job you're hiring for ensures that they'll learn quicker, perform better, and, most importantly, feel happier in their new role.
- 8 **Conduct regular employee reviews.** If your business is suffering from high employee turnover, one of the best reasons to find out why is simply to ask your employees. Having regular review sessions in which you (or another qualified person) meet with each employee and talk about what they like and dislike about their job is a great way to make sure the employees feel valued and see their concerns being acknowledged.
- 9 **Conduct exit interviews.** Even friendly, open companies with great work environments occasionally have to let people go. In any case, an exit interview is your last chance to learn what went wrong with an unhappy or unproductive employee, so take advantage of it.
- 10 **Regularly review and assess employee concerns.** Merely asking your employees what makes them unhappy isn't enough — to keep them feeling valued, you'll need to make a reasonable effort to address their concerns and, most important of all, show them that you're making this effort.
- 11 **Consider alternate roles for unhappy employees.** Sometimes, otherwise productive employees just aren't a great "fit" for the job they've been given. While they may work hard, their personality or skill set may keep them reaching the full potential of their role. In these cases, try to avoid dismissing the employee until you've considered other roles or duties for them. Don't fire an employee who's well-suited for some other important role in your company.
- 12 **Don't be afraid to fire bad employees.** Getting rid of exceptionally problematic employees is a must for any business looking to keep turnover at a minimum. Employees that perform poorly, have a negative attitude, or are grossly incompetent can hold your company back.

## VI. CONCLUSION

Obviously, it's important for organizations to reduce turnover rates. However, in order to reduce these rates, organizations must first understand the main reasons employees leave for other positions. Don't ignore workplace negativity! Companies can use exit interviews to find out why employees are leaving and the problems they encountered in the workplace. Taking the time to listen to employees and making them feel involved will create loyalty, in turn reducing turnover allowing for growth. It saves the company money because there are direct costs to having to find and hire new employees. And your own supervisor will evaluate you as a better manager if your voluntary turnover is low.

Good people don't leave good organizations- they leave poor managers!

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