Employee Turnover: Managing it effectively – A Review of Literature

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Abstract: **In current scenario organizations are finding a key challenge and that is to tackle with employee turnover in the organization. Each employee leaving the organization takes along with it the knowledge, experience, skills and abilities that could be utilized by the organization for achieving competitive advantage. A huge cost is incurred on recruiting and training the new employees. Organizations can work on saving these costs and also improving the productivity. This paper examines the reasons of employee turnover and devices ways to reduce employee turnover in organizations.**

Key Words: **Attrition, Employee Turnover, Retention, Employee Engagement**

I. INTRODUCTION

In today's competitive environment it is very important for organizations to build a strong base of human assets for the organization. Employees are an important factor which can determine the future of any organization. Therefore employee turnover needs to be tackled wisely. Price (1977) has defined employee turnover as the ratio of the number of organizational members who have left during the period being divided by the average no. of people in the organization during that period. Ingersoll & Smith(2003) suggested that low employee turnover is tolerable in many occupations as it takes out low performers, stagnancy and encourages innovation with new talent coming in the organization whereas on the other side high turnover brings in low performance and incompetence in organizations leading to huge costs and negative outcomes. Ongori (2007) suggested that employees are backbone of an organization therefore it becomes important to take channels to motivate them and retain them in the organization at all costs to aid the organization to be globally competitive in terms of providing high value products and services to the society. Shamsuzzoha & Sumon (2007) has mentioned that employee turnover can hinder the productivity of an organization.

According to the data shared by job portal Wisdom Jobs, India witnessed an attrition of 25% in 2016. In a report published in 2013, Global management consultancy, Hay Group, in association with the Centre for Economics and Business Research (Cebr), found that 49 million more employees are likely to leave their employers worldwide over the next five years in comparison to 2012. Replacing the employees in an organization involves huge recruitment and training costs which tend to impact the bottom line of the organizations. Only 1 out of 3 organizations feel that they are able to attract and retain employees on the basis of employee experience as per data shared by Deloitte Human Capital Trends2017 - India Report .There could be numerous reasons of employee leaving the organization which may change with the designation of employee and also with the industry or nation of operations of an organization. An attempt is made to study the reasons of employee turnover and few remedial measures are suggested.

II. METHODOLOGY

Secondary sources of data are used in this paper. Various research studies are examined and results are derived based on the literature review on employee turnover.

III. REASONS FOR EMPLOYEE TURNOVER

One of the important reasons for employee turnover is the unrelated ness of employee with the job. There can be situations in the organization where faulty recruitment and selection technique is used and an employee is hired who is not fit for a particular position. In such a case there always exists a discomfort of the employee with the work he does. In addition to this lack of training and proper induction can hamper the working of an employee which later becomes a reason for employee turnover. Monotony in work assignments, lack of variety and learning can make employees to search for more challenging work assignments. Jackson and Schuler (1985) argued that role ambiguity and role conflict reduce job satisfaction and hence increase one's intention to quit.

As per Maslow's need hierarchy theory there are different needs of an employee. Need for recognition cannot be ignored by organizations. When an employee doesn't receive appreciation or recognition for his work, it brings a sense of dissatisfaction and also there is decrease of his interest in future assignments which can lead to employee leaving the organization.

Wage differential in the organization can also be another cause of dissatisfaction. This wage differential can be inter – organizational or intra – organizational. If competitors are paying better compensation then the probability of an employee leaving the organization also increases. According to Abassi (2000) toxic workplace can also be create situations

in workplace which may force an employee to leave the job. Excessive office politics, unhealthy relationship with the superior, subordinate or within a group, lack of freedom at workplace and poor work life balance become the part of toxic workplace. In another study by Shamsuzzoha & Sumon (2007) , they concluded that salary is not the only reason for an employee staying in an organization , moreover rearranging employees, good stream relation, better working environment and preferable job location can also make an employee stay with an organization.

Poor performance appraisal mechanism can adversely impact the loyalty of an employee with the organization. According to Poon (2003) when employees observe performance ratings to be manipulated they experienced reduced job satisfaction. These emotions also impact their intention to quit.

A recent study is done by Purohit in 2016 for top notch IT companies Infosys and Wipro in India to understand the reasons of employee attrition or employee turnover. It is significant to mention here that the attrition for Infosys was 19.9% and Wipro is 21.1% in year 2015. The study revealed few reasons for attrition by studying the exit interviews of both organizations. The reasons quoted by Purohit (2016) in her study for employee turnover are less of fairness of their compensation, no proper career objectives, dissatisfaction with superiors, work pressure and exhaustion, organization climate, emotional turmoil and personal reasons.

In the survey conducted by Global management consultancy, Hay Group in 2013 Indian employees expressed concerns about the fairness of their compensation and the extent to which benefits meet their needs. One in every three employees expressed concern over lack of confidence in being able to achieve their career objectives with their current employers As a result, they are concerned about opportunities for learning and development and supervisory coaching for their development.

IV. REMEDIAL MEASURES

Before working on the remedies of employee turnover it is important for an organization to know the exact reason that is making employees to quit the organization. If the reason is appropriately identified then it becomes easier to curb the root causes which are resulting in high employee turnover. Ongori (2007) mentioned that the policy choice to remedial measures must be appropriate to the accurate finding of the problem.

1) Employee Feedback an important tool

In order to identify the reasons for turnover employee feedback is an important tool. Employee surveys can also be done without disclosing the identity of the employees. It is not only important to know why employees choose to quit but it is equally important to know the reasons of employees staying with the organization. After analysing the positive and negative feedbacks organization can make action plan which

in turn can reduce the employee turnover. Cannon & Edmondson (2005) viewed it important to examine the failures. Deeper probing and analysis yield factual understanding of the situation. A company cannot stop other organizations from attracting employees, but they can, according to research, create superior conditions for their organization to be attractive to employees by addressing reasons as to why current employees stay in the organization (Lee & Mitchell, 1994).

2) Developing Full engagement culture

According to one of the articles published in Economic Times, Reck focused on full engagement culture in organizations to solve the problem of employee turnover. He laid down three steps in achieving the goal of full engagement culture. The first step states that there should be minimal distractions in workplaces so that employees can focus on performing the jobs. Normally in organizations distractions occur when employees are not compensated adequately to support themselves or when they are worried of being laid off. The step two emphasizes that in order to engage employees in organizations it becomes very important to choose the right candidates who can mesh up with the culture of the organization. The step three clarified that there is an enormous responsibility that lies with leaders. Leaders should actually lead by example and not only give orders.

3) Managing the expectations of employees

Employees have certain expectations from the employers for fair compensation, career enhancement and growth, self development, job security etc. It is a vital responsibility of the organization to manage the expectation of employees over time. Infosys COO Pravin Rao said in one of the interviews "During the quarter, we provided compensation increases and higher variable payouts to our employees. Our investment in employees continues to deliver results as reflected in lower attrition". He claimed that their philosophy of investing in employees has proved fruitful in bringing down the employee turnover for the organization.

4) Creating employee experience

In the recent past, companies have paid more attention to improve the employee experience. This is done by many ways like paying attention to the ongoing interactions with their office environment, customers, supervisors, and peers that influence employees' behaviours and satisfaction at work. Companies such as GE, L'Oreal, and Cisco have senior leaders with the title of "director of employee experience," and the trend continued in 2017 and beyond.

There are four ways that companies can elevate their employee experience in order to both retain their current employees and win the war for talent in coming years as well.

- Encourage flexibility: Flexibility is crucial because employees are expected to respond to emails and

phone calls after hours for no additional compensation. A global study EY reports that 74% of workers want "the ability to work flexibly." This could include flexible hours, telecommuting, and other types of work arrangements.

- Provide learning opportunities: One of the best ways to increase retention is to enrich employees with the education and tools required to thrive in the organization. From massive open online courses (MOOCs) to mobile content to virtual reality programs, companies will continue to innovate their training in order to provide a better and more immersive experience to employees.

- Promote career mobility: In a study by Cisco and Future Workplace, it is found that career mobility helps increase engagement, productivity, and teamwork. This result makes sense, because employees want new challenges and opportunities in order to stay engaged in their work, grow their skills, and advance in their careers.

- Better compensation: Fair compensation and equity in organizations has its own importance in attracting and retaining talent in the organizations.

V. CONCLUSION

It is evident to mention that there are many issues which may lead to employees leaving the organization. These reasons can vary from organizations climate to growth opportunities and also to unfair compensation. It is also true that organizations need to get into the roots of the reasons to do away with the problem of high employee turnover in the organization. The various strategies on creating employee engagement culture and creating employee experience can prove helpful to the organizations in dealing with the issue of high employee turnover.

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