

# EMPLOYEE TURNOVER – REASONS AND STRATEGIES TO CONTROL IT

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## Abstract

Employee turnover refers to the process in which workers who leave an organization is replacing by new workers. It is very crucial to measures the employee turnover because it helps in calculating the cost of hiring of new employees and also used for Budget purposes. Change is inevitable but it can be costly for your business. When workers leave the organization. It cause rupture in the operation and performance of the organization. So, if reasons of employee turnover is properly Analyse it will be helpful to protect the business from high cost. This paper examinees the reasons for employees turnover and what measures can be take to control it. Study indicates that employee turnover has cost implication to the company like, Vacancy advertisement, Interview, recruitment & training of new hire, loss of productivity & cost of efficiency of the new staff. In this paper, I explain the reasons of employee turnover and staff retention strategies with the help of a case study. I have taken a case study of ACAS which is a non-departmental public body of the government of the united kingdom. high employee turnover is a costly affair and must be avoided.

## Introduction

Organization are made with people. When employee decide to leave for other jobs their firms need to find other people to replace them. Employee turnover can be defined as “relatively clear-cut act of behaviour that has potentially Critical consequences for both the person and the organization.” There is no doubt that human resource is the most valuable of all resources to all kind of organizations. Employee turnover is a big problem that all organization experience at some level. There are many possibilities that may lead the employees to exit the organization. It may be voluntary or non-voluntary. There are so many causes of employees turnover like work environment, poor remuneration packages, Lack of carrier progression poor interrelationship between employee and management. Employee turnover has associated some cost with it like customer loss, lost credibility, impact on co-workers and management chain, production delays etc. so there is a great need to adopt the strategies which helps in minimizing the employees turnover.

## Types of Employee turnover:-

There are many possibilities that may lead to employees exit. Whether voluntary or involuntary. You need to understand deeply why any employee leaves the organization. There are four types of employee turnover:-

- 1      Voluntary Turnover:- When Employees willingly choose to leave their positions then voluntary turnover occurs and voluntary turnover can be very costly for an organization because of the costs associated with recruiting and hiring a new employee training of employees. Ex:- often the most preventable, Voluntary turnover data cheep employees understand. Why an employee left and its impact on existing employees and in the organization.
- 2      Involuntary turnover:- Involuntary employee turnover is when the company asks an employee to leave. Reasons of Involuntary turnover can be poor performance or behavioural issues, budget cuts, structural reorganization. At with every Involuntary turnover employees should take into account two things that employee was treated fairly and they won't suffer any loss.
- 3      Retirements:- people tend to say exists due to retirement are inevitable and out of the company 's control. However, surveys show that some employees become disengaged in their workplace and

choose to enter retirement early and although they have voluntary exited your organization. It does not mean their career has ended.

Retiree feedback will help organizations make their workplace better. So they can keep new employees long time.

- 4 Internal Transfer:- Internal Transfer usually involve employees taking new position within the same organization.

## Reasons of employee turnover

It is 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. Good people don't leave good organizations—they leave poor managers!

Good employees quit for many reasons. The following is a list of what might be considered 12 reasons for employee turnover.

1. **Rude behavior.** Studies have shown that everyday indignities have an adverse affect on productivity and result in good employees quitting. Rudeness, assigning blame, back-biting, playing favorites and retaliations are among reasons that aggravate employee turnover. Feeling resentful and mistreated is not an enticement for a good work environment.
2. **Work-life imbalance.** Increasing with economic pressures, organizations continue to demand that one person do the work of two or more people. This is especially true when an organization downsizes or restructures, resulting in longer hours and weekend work. Employees are forced to choose between a personal life and a work life. This does not sit well with the current, younger workforce, and this is compounded when both spouses or significant others work.
3. **The job did not meet expectations.** It has become all too common for a job to significantly vary from the initial description and what was promised during the interviewing stage. When this happens it can lead to mistrust. The employee starts to think, "What else are they not being truthful about?" When trust is missing, there can be no real employee ownership.
4. **Employee misalignment.** Organizations should never hire employees (internal or external) unless they are qualified for the job and in sync with the culture and goals of the organization. Managers should not try to force a fit when there is none. This is like trying to force a size-nine foot into a size-eight shoe. Neither management nor employee will be happy, and it usually ends badly.
5. **Feeling undervalued.** Everyone wants to be recognized and rewarded for a job well done. It's part of our nature. Recognition does not have to be monetary. The most effective recognition is sincere appreciation. Recognizing employees is not simply a nice thing to do but an effective way to communicate appreciation for positive effort, while also reinforcing those actions and behaviors.
6. **Coaching and feedback are lacking.** Effective managers know how to help employees improve their performance and consistently give coaching and feedback to all employees. Ineffective managers put off giving feedback to employees even though they instinctively know that giving and getting honest feedback is essential for growth and building successful teams and organizations.
7. **Decision-making ability is lacking.** Far too many managers micromanage to the level of minutia. Micromanagers appear insecure regarding their employees' ability to perform their jobs without the manager directing every move. Organizations need employees to have ownership and be empowered! Empowered employees have the freedom to make suggestions and decisions. Today "empowerment" seems to be a catch-all term for many ideas about employee authority and responsibility. However, as a broad definition, it means an organization gives employees latitude to do their jobs by placing trust in them. Employees, in turn, accept that responsibility and embrace that trust with enthusiasm and pride of ownership.

8. **People skills are inadequate.** Many managers were promoted because they did their jobs very well and got results. However, that doesn't mean they know how to lead. Leaders aren't born—they are made. People skills can be learned and developed, but it really helps if a manager has a natural ability to get along with people and motivate them. Managers should lead by example, reward by deed.
9. **Organizational instability.** Management's constant reorganization, changing direction and shuffling people around disconnects employees from the organization's purpose. Employees don't know what's going on, what the priorities are or what they should be doing. This causes frustration leading to confusion and inefficiencies.
10. **Raises and promotions frozen.** Over the years, studies have shown that money isn't usually the primary reason people leave an organization, but it does rank high when an employee can find a job earning 20 to 25 percent more elsewhere. Raises and promotions are often frozen for economic reasons but are slow to be resumed after the crisis has passed. Organizations may not have a goal to offer the best compensation in their area, but if they don't, they better pay competitive wages and benefits while making their employees feel valued! This is a critical combination.
11. **Faith and confidence shaken.** When employees are asked to do more and more, they see less evidence that they will ultimately share in the fruits of their labor. When revenues and profits increase along with workload, organizations should take another look at their overall compensation packages. Employees know when a company is doing well, and they expect to be considered as critical enablers of that success. Organizations need to stop talking about employees being their most important asset while treating them as consumables or something less than valuable. If an organization wants empowered employees putting out quality products at a pace that meets customer demand, they need to demonstrate appreciation through actions.
12. **Growth opportunities not available.** A lot of good talent can be lost if the employees feel trapped in dead-end positions. Often talented individuals are forced to job-hop from one company to another in order to grow in status and compensation. The most successful organizations find ways to help employees develop new skills and responsibilities in their current positions and position them for future advancement within the enterprise. Employees who can see a potential for growth and comparable compensation are more inclined to stay with an organization



## Case study

### Dealing with staff turnover – a case study on getting and keeping the right people

This case study looks at the experience of a high tech organisation that aimed to improve its staff retention. A range of interventions were used, including training provided by Acas. This has helped to instil positive behaviours to help develop workplace practices and boost productivity.

#### Background

The organisation is a growing high tech SME that currently have a workforce of just over one hundred directly employed staff. They also have a Recruitment and Training Manager to assist in the management of their personnel and to achieve their goals through its handling of recruitment, training, mentoring and motivating staff.

Operating in a highly competitive market in which there is intense competition for labour, sales staff are particularly transient. For the organisation workplace effectiveness is about:

“Having happy profitable people who are enjoying their jobs and stay with us. It’s about the relationship between management and staff at every level.” (Recruitment and Training Manager)

Reducing turnover has been a priority for improving workforce effectiveness:

"The dissatisfaction with employee retention was the driver. Everything else stemmed down from that". (Recruitment and Training Manager)

### Issues facing the business

A high rate of staff turnover has been a persistent issue for the organisation. Identification of the problem dated back to 2013 when middle management held a day's meeting to share their concerns. The high workforce churn was particularly prevalent amongst sales staff (who form over 30 per cent of the workforce) though it was also a feature of other roles. It was proving expensive to fund turnover, given that the cost of recruiting, training and equipping an employee was estimated by the company to be around £3,000. Poor retention was also proving a barrier to the company's desire to grow.

"I think that we have always been dissatisfied with the level of retention... As we recruited more managers with wider experience of different industries they emphasised that we were right to be dissatisfied". (Recruitment and Training Manager)

Following the 2013 meeting, senior managers engaged with members of staff on an anonymous basis. A Team Leader for one of the organisation's departments took the lead and all members of staff were invited to send their anonymised written feedback to him. Subsequently senior managers undertook a 'fishbone analysis' of staff feedback, exploring all the potential causes of the high rate of turnover.

This identified a number of issues that needed to be addressed in order to improve staff retention. These included better conflict management, greater manager-employee engagement and relationship building. Managers needed to develop their listening skills, approachability and responsiveness; and the ability to diffuse workplace tensions, tailoring their responses to varying circumstances. Staff felt that there needed to be greater fairness and respect in the workplace, as bullying and intimidating behaviours were prevalent. The tensions appeared to be inter-departmental rather than top down. For example, there was a concern about unreasonable line management pressure to hit targets. Staff perceived that managers needed to be able to recognise individual staff experiences and needs, rather than having a one size fits all approach to responding to issues. Alongside the issue of targets there was a feeling that managers needed to display greater understanding of people's strengths, weaknesses and abilities when assigning them to sales jobs. More generally there needed to be greater line management support for coaching and developing staff across the organisation.

As the organisation had grown, so had the number of managers; but what was lacking was formal leadership training. It was felt that too much was taken for granted vis-à-vis management background and experience. The organisation needed to look at what skills managers actually had. There was widespread management support for a development workshop that would give senior and middle managers the opportunity to gain a better understanding of core practical management skills relating to mediation of conflict and a collaborative approach to problem-solving.

"We are very proud of the way that the management team acknowledged this ... There was a desire to improve things". (Recruitment and Training Manager)

This positive attitude towards, and enthusiasm for, engaging with some difficult issues, reflected the organisation's adherence to a Hoshin Kanri strategic approach which was a feature of the company's lean management and continuous improvement tool-kit. Hoshin Kanri is a Japanese management term engaging with four key elements of business management, namely: vision, policy development, policy deployment and policy control. It is directly linked to 'Total Quality Management' and is an approach that requires detailed planning, targeted benchmarking and the effective and systematic use of continuous improvement tools at all levels of the workforce.

The organisation benchmarked its business management practices against those of blue chip companies. In the spirit of continuous improvement, they then drew on the support of several training providers to deliver on the desired improvement in core skills, including Acas. The organisation approached Acas, due to its experience in advising on performance management and workplace relationships. In July 2013 an Acas adviser ran an initial line management training course on appraisals.

“We sat down and realised that no one had ever had any formal appraisal training; in terms of paper work, response, help for people who were struggling”. (Recruitment and Training Manager)

The same adviser then helped devise and facilitate a two day management skills workshop. Representing a fairly small financial investment for the company, the workshop programme focussed on conflict management, avoiding confrontation, promoting respect, listening skills and achieving a ‘win-win’ outcome. The workshop involved four senior and three line managers who felt that the adviser was extremely responsive to the organisation’s needs:

“She received accolade and praise from every single person at the meeting. [She] was brilliant, effective, succinct and precise. Would we use her again? Absolutely”. (Recruitment and Training Manager)

## Other initiatives

As implied above, the organisation has been seeking to foster best practice activity in other ways, with the assistance of external bodies and consultants and by benchmarking its practices against those of blue chip companies. In keeping with Hoshin Kanri principles of engaging all levels of the workforce, the company wants to roll-out a core skills programme, including: effective meetings, decision-making, route-cause analysis, detailed planning, situational management and leadership and conflict management.

Complementing the introduction of personal development reviews, the company has introduced a mentoring scheme. Staff adaptability is seen as particularly important for workforce effectiveness and the recruitment process now incorporates an online assessment and trial day. The online assessment aims to gauge the character and behavioural traits of potential staff, feeding into work to identify the characteristics of staff who remain with the organisation, compared with those who leave. The new staff mentors are building strong relationships with staff and this is showing early signs of feeding into company understanding of staff retention:

“People who are mentors have become more engaged in the business and why people leave”. (Recruitment and Training Manager)

Exit interviews are also being introduced and the plan is to involve staff mentors in these interviews.

Engaging with the desire to improve workforce morale, the organisation has emphasised team building activities. For example, extending a ‘fun budget’ across departments to reward performance. ‘Good news’ meetings now take place on Fridays. Senior management suggested that they lead the meetings, providing refreshments, and that the workforce should stop work at 4pm on Fridays in order to attend. The meetings provide an opportunity for colleague and customer feedback on staff whose performance was deserving of recognition. Rewards range from meals out to weekend breaks. There is also a greater focus on employee health and well-being in the company benefits package. For example, a health coach comes in to advise on diet and to run weekly fitness training programmes.

The organisation has also reviewed and developed corporate goals to ensure that they are aspirational and strategic and to ensure that everyone knows where the organisation is heading. To this end there was a commitment from everyone in the business, including the management team, for a team charter. The PRIDE charter includes Passion, Respect, Integrity, Diligence, Expectations of Excellence. In addition, every new

employee completes a three day customer engagement course, with a practical workbook and role play; so that they enter the business with clarity around what they are doing.

### Outcomes and challenges

Acas appraisals training supported the subsequent roll out of personal development reviews across the organisation; training which they would be interested in repeating in the future. A key benefit of engagement with Acas has been that it has helped the organisation to be more reflective in its approach to human resource management:

“It’s made us think. It has made us change things and make us more conscious of the effects of not doing things”. (Human Resource Manager)

“It focused our realisation that lots of things we were doing were bang on the money, but also what we needed to change and where, around conflict resolution and employee engagement”. (Recruitment and Training Manager)

The organisation continues to see training as an investment. It spent nearly £300,000 on training in 2014-15 and plans to spend a similar amount in 2015-16.

The organisation perceives itself to have made considerable progress in developing its workplace practices, although progress on improving retention rates is slow:

“We are at a development stage in terms of altering, managing and improving our retention. We are not further away from where we should be, we are closer. Are we satisfied yet? No”. (Recruitment and Training Manager)

The turnover of engineering and IT staff is static, but that of sales staff remains high.

“Someone has said that we are trying to fix something that we cannot fix but we have the stamina to persevere with our efforts. As a company we are a continual work in progress”. (Recruitment and Training Manager)

In the near future, they plan to roll out a core skills programme across their management tiers and they are keen to share their experiences, whilst learning from others.

### Endnotes

1 This case study is based on interviews conducted by an independent researcher with a recruitment and training manager and a human resources manager at the organisation.

2 See Hutchins, D (2008) Hoshin Kanri: The Strategic Approach to Continuous Improvement. Aldershot: Gower Publishing.

### Strategies to control employee turnover:-

- 1 Attracting the Best candidates:- In order to attract the Best candidates company should offer best compensation package and do some research in what comparable Companies in your Industry are offering their Employees. Competitive Benefits packages not only Attract the Best Employees, They also encourage them to stay.

- 2 Invest in growth and potential opportunities:- Give employees ways for their professional development and growth. Opportunities must be given to employees for constantly improvement of their talent.advancement opportunities should be given to employees. A company must keep the employees in their career path.
- 3 Set Accurate expectations:- There is a need to set accurate expectations about the workweeks. That should not come as a surprise to your new hire employee. You should clearly describing the Job. If you want reduce labour turnover.
- 4 Communication clearly:- clear communication is necessary for the success of any team, group and an organization. Clear communication is must be a priority for proper collaboration. By sharing goals and values across the all departments. feedback is crucial for organization that can reduce employee turnover.
- 5 Purposeful Work:- Purposeful work is a major factor in retention especially in today's highly competitive talent landscape. It is very important to clear the purpose of any career. Employees should know how their work impacts their team and why their contribution matter and how their efforts positively impact the organization and achieve organizational goals.
- 6 Recognize contribution:- Recognition is an incredibly powerful elements of the working relationship. Its vital for employees to know that their work has meaning and impact and recognizing their contributions is an excellent opportunity to illuminate the purpose behind that work.
- 7 Breed a New generation of leaders:- Indian Employees want managers and leaders they respect and can from them who will support and guide them.

## Conclusion

Thus employee turnover is a persistent issue for the organisation because it involves cost of recruiting, training etc.good employees quit for many reasons like rude behaviour,work life imbalance growth opportunities not available.so if, organisation includes passion respect,integrity,purposeful work and provides growth opportunities it will certainly helps in employees retention.

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