

# EMPLOYEE TURNOVER CHALLENGES

## IN RELEVANCE TO WORK ENVIRONMENT

Prof. Rozy  
HOD, Department of Commerce  
Koshys Institute of Management Studies  
31/1, Hennur Bagalur Road, Kannur (P.O.)  
Bangalore – 562149, India

CO - AUTHORED BY:

1) Prof. Sheeba D.L  
Assistant Professor, Department of Commerce  
Koshys Institute of Management Studies  
Bangalore – 562149, India

2) Prof. Arun Kumar .S  
Assistant Professor, Department of Arts, Science  
and Commerce,  
BMA College, Bangalore , India

3) Dr. Jambulingam.S  
Assistant Professor, Department of Business Administration  
Annamalai University  
Chidambaram, India

### ABSTRACT :

Modern organisations today provide not only good career opportunities but also provide good salaries along with benefits, like group insurance, medical benefit, subsidized food & transportation etc but still could not reduce the attrition rate. So, the onus has been shifted back to the employers to take necessary measures to retain its employees. Retaining employees not only reduces the cost of recruitment & training but also gives the impression as an Employee Friendly Organisation.

Previous research studies have identified the following to be the reasons for employees to change jobs:

- No growth opportunity/lack of promotion
- For higher Salary
- For Higher education
- Misguidance by the company
- Policies and procedures are not conducive
- No personal life
- Physical strains
- Uneasy relationship with peers or managers

In spite of various new measures taken by the organizations... still the attrition is existing. This paper emphasizes on those **Strategies** that focuses on **Employee Emotions and Work Environment**.

1. **Care through Communication** : Treating employees as partners by keeping the workforce in loop about what's happening within the company. At any time, all the employees should have a pretty good idea of how business is operating and aware of the issues the company is attempting to address.

2. **Setting Clear Expectations** : Setting expectations is not a once and done activity. When expectations are not clear, employees may not be in sync with their current demands and priorities at job.

3. **Clarity of Role:** Expectations should focus on outcomes, not activities.

4. **Job Relevance** - Employees should have a full understanding about the process, so that they can make adjustments when unanticipated factors crop up within the process. They would be more committed to the result as they could recognize their efforts impacting the company's performance.

5. **Simplicity in Process** – Identifying the work in simple, straight-forward terms, will help the employees to keep in pace with their managers.
6. **Quality of supervision** - People leave organisations more often because they are dissatisfied with their managers and supervisors. Anything the supervisor does to make an employee feel under-valued will contribute to employee turnover.
7. **Talent and skill utilization** - Is a key environmental factor which employees seek in their workplace. A motivated employee would contribute to work areas even those which are outside their specific job description.
8. **Fairness and equitable treatment**

### Conclusion

This report focuses on emotional and environmental factors which help in retaining work-force. Though they are just the basics, if implemented in an effective way can give good results.

### INTRODUCTION

Modern organizations today provide good career opportunities and also provide good salaries along with benefits, like group insurance, medical benefit, subsidized food & transportation etc., but there is no appreciable change in the attrition rate. So, the employers need to take innovative measures to retain its employees. Retaining employees not only reduces the cost of recruitment & training but also gives the impression as an Employee Friendly Organization.

Employees are the life blood of every organization. The employees are the foundation of an organization hence, they are the valuable asset. There is no dearth of jobs for talented people with modernization and globalization. So the organization has to gear up with all its efforts towards retaining the talented people already working in the organization. Employee retention deals with the process of encouraging employees to remain in the organization for maximum length of time.

### Meaning of Attrition Rates/ Employee Turnover rate:

Attrition rate refers to the proportion of employees leaving the organization. In today's Corporate world with increased job opportunities the attrition rate can never be nil. A certain amount of turnover in staff is beneficial to an organization, at times, as certain role occupancy may become redundant.

Attrition rate can be calculated as follows:

Number of employees leaving the organization / (Avg. Employees in the year) \* 100

### Reasons for Leaving:

Previous research studies have identified the following to be the reasons for employees to change jobs:

1. **No growth opportunities** – within the purview of organizational goals each full-individual should have ample opportunities for full-filling personal ambitions otherwise people will look for other jobs.
2. **Higher Salary:** It is a sign of success and power and is considered as a major motivator of changing jobs among the employees. Now a days it is generally taken for granted that increased pay packet will commensurate with change.
3. **For Higher Education:** Generally it's prevalent with the fresher recruits in the organization so as to increase their potential by opting for higher education.
4. **Misguidance by the Company:** Disrespectful behaviour and mishandling the relationship with employees may result in higher employee turn-over rate.
5. **Policies and Procedures:** Repetitive policies and procedures create monotony among employees. Too many policies and procedures restrict their personal growth as well as freedom to work in their own way.
6. **No Personal Life:** Working at night shifts, 16-18 hrs a day etc may seriously curtail the social life of a person. Balancing the personal and professional life also gets tedious which causes them to leave the job.
7. **Physical Strains:** Physical lifting in the job working long hours, improper working hours etc may lead to higher attrition rates.
8. **Uneasy relationship with peers and managers:** Peers and managers are the ambassadors of high level management so they should be above suspicion regarding Favoritism, disrespectful behavior etc towards employees.

### Need for Retention Strategy:

Retaining work force is not only the challenge being faced by an organization but also is beneficial for the organization in realizing long term goals. Reduction of costs is not the only criteria to be taken into account but the organization should also emphasize on the need to retain talented employees from getting poached. The beneficial effects of employee retention are:

1. **Turnover costs:** It includes vacancy costs (overtime/ labour /wages) cost of substitution (job advertising/pre-employment administration interviews/staff costs) cost of training as well as employee performance differential which will increase company expenses.
2. **Loss of Company Knowledge:** Valuable Knowledge about company's customers, current projects and past history (sometimes of competitors) is taken by employees when they leave the organization.
3. **Interruption of customer service:** The relationship between an organization with its customers is done through employees if the employee leaves the organization, such relationship severs which may lead to potential customer loss. Therefore losing staff is a liability for organizational growth and performance.
4. **Turnover leads to more turnover:** Turnover also has an echo effect in the organisation. Co-workers pick up the slack which results in overtime, prolonged working hours etc. Which may, then intensify the desire to leave the organisation for the remaining employees.
5. **Company's Goodwill:** Lower attrition rates suggests an employee friendly environment and job security which will attract potential employees to that organization.
6. **Regaining Efficiency:** Not only a good amount of time is lost in hiring and training new employees but also there is no assurance that same efficiency level can be achieved.

### IMPORTANCE OF THE STUDY

Employee Retention through application of different strategies has heavy financial implication on organisations. Despite of these, the retention rates are high. The various monetary benefits rendered to retain employees are:

- Group Med claim Insurance
- Personal accident Insurance
- Subsidized Food and Transportation
- Company Leased accommodation
- Recreation and cafeteria.
- Cellular Phone and Laptop
- Personal Healthcare
- Loans
- Educational benefits
- Performance based incentives
- Flexi Time
- Flexible Salary benefits

Another aspect for attrition could be the relationship with the management and the peers, which also becomes the reason for an employee to leave the organization. The management is sometimes not able to provide an employee a supportive work culture and environment in terms of personal or professional relationships. There are times when an employee develops bitterness towards the management and the work environment. This bitterness could be due to many reasons and decreases employee's interest and demotivation them. This situation leads to less satisfaction and eventually Attrition. A supportive work environment and culture would help retain employee and boosts employee satisfaction.

This paper emphasizes on those **Retention Strategies** that focuses on **Employee Emotions and Work Environment** that help to increase employee satisfaction, boost employee morale hence achieve retention

### OBJECTIVES

1. To review the employee turnover challenges faced by various organizations.
2. To analyze environmental factors which leads to Attrition.
3. To develop retention strategies for conducive work environment.

### METHODOLOGY

Exit interview is an ideal way of recording and analyzing the factors that led employees to leave the organization. In certain situations employees do not provide appropriate response to the asked questions. So a third party is engaged with whom the employees feel comfortable in expressing their opinions.

Michael Cassani ( Consultant, Private Healthcare Systems) has suggested that ongoing interviews with current employees can be even more productive than exit interviews in determining employee performance, satisfaction, and motivation.

Results of survey by CIPD reveal that dissatisfying work environment is also a contributing factor for employee turnover. Hence this report focuses on emotional and environmental factors which help in retaining work-force

## REVIEW OF LITERATURE

**John E. Nelson of Drake Beam Morin (HR consultants)** says that excitement at work is the key to obtain satisfaction, and, in turn, satisfaction is the key to retention. "A high-energy, flexible work environment, where employees have a clear line of vision between their personal achievement and the bottom line." Companies have to be fun places to work. And also make sure employees know they're being productive in a meaningful way.

**Joe Monahan (Meister Publishing Company)** is another manager who emphasizes on the need to retain top performers in his organization. During the recent Web development frenzy, he only lost two employees one to the education sector and another to a competing publisher. He acknowledges the importance of cash compensation to retention decisions and points out that management style is crucial.

## FINDINGS AND SUGGESTIONS

Despite of various new measures taken by the organizations... still the attrition prevails. This paper emphasizes on those **Retention Strategies** that focuses on **Employee Emotions and Work Environment**.

To enhance good professional relationships at work, the management should keep the following points in mind.

### **1.Care through Communication :**

- Treat employees as partners by keeping the workforce in loop about what's happening within the company. Share both good news, as well as points of concern. At any time, all the employees should have a pretty good idea of how business is operating and aware of the issues the company is attempting to address.
- Acknowledge the ideas contributed by the employees for improvement of work. As they execute work on a daily basis, their ideas to improve productivity should be solicited. Their contribution in the form of new thought or ideas should be made known to others in by posting it on the 'notice board' or by forming Quality Circles [QC] or by circulating an internal newsletter.
- Promote an employee based culture. When the employees know that they are cared and supported by the organization, they would in turn show their support and care to the organization. This would be possible through decision making authority and open door policy.

### **2.Setting Clear Expectations :**

- Setting expectations should not be a once and done activity. When expectations are not clear, employees may not be in sync with their current demands and priorities at job.
- As Job requirement changes, priorities change, resources change, managers need to revise and set new expectations on a continuous basis. If the employees know what is expected of them, it allows them to focus on results and to monitor themselves against the set standards. This creates interest towards work and develops a motivated work environment.

### **3.Clarity of Role:**

- An employee should be recruited if there is a proper place and duties for him to perform. Otherwise the employee could feel useless and dissatisfied. Employees should know what the organization expects from them and what their expectation from the organization is. Role clarity helps employees deliver what they have promised.
- Job expectations should focus on outcomes/results, not activities. The manager should focus only on the goal or target to be achieved and identify the strengths of the employees and allowed them to develop the methods for achieving the desired results.

### **4.Job Relevance :**

- Employees should have a full understanding about the process, so that they can make adjustments when unanticipated factors crop up within the process. This can be accomplished through effective dialogue between the manager and subordinate by means of feedback and discussion.

(This process could build goodwill with the employee and set the stage for additional responsibilities)

- When employees understand the job significance, They would be more committed to the result as they would recognize their efforts impacting the company's performance.
- A feeling of being valued by the employer is key to high employee motivation and morale.

### **5.Simplicity in Process :**

- Managers should identify and express work in simple and straight-forward terms which will help the employees embrace responsibilities and keep in pace with their managers.

#### 6. Quality of supervision :

- People leave organizations more often because they are dissatisfied with their managers and supervisors. Anything the supervisor does to make an employee feel under-valued will contribute to employee turnover. This could be overcome by - Feedback about performance,
  - Hold scheduled meetings
  - Feedback from employees about supervisor
- Provide a stress free work environment. People want to enjoy their work. Make work and work place cheerful and fun-filled as possible to sustain workforce.

#### 7. Talent and skill utilization:

- Talent and Skill utilization are the key environmental factor which employees seek in their workplace. A motivated employee would contribute to work areas even those which are outside their specific job description. Eg: In a small company, a manager pursued a new marketing plan and logo as required with the help of external consultants leading to cost burden. An internal sales rep, with seven years of ad agency and logo development experience, repeatedly offered to help. His offer was ignored and he cited this as one reason why he quit his job. In fact, the recognition that the company didn't want to take advantage of his knowledge and capabilities helped pursue his job search. (Managers need to identify and tap the skills, talent and knowledge of their workforce.)

#### 8. Fairness and equitable treatment

- Good employees, who are significant for the organization seek for frequent opportunities to learn and grow in their careers, be part of challenging committees, attend seminars and be part of discussions, otherwise they get the feeling of becoming stagnant.
  - eg: . In a company, a new sales rep was given the most potentially successful, commission-producing accounts. Current staff viewed these decisions as taking food off their tables. You can bet a number of them are looking for their next opportunity.
- A career oriented, valued employee must experience growth opportunities within the organization
- Never, ever threaten an employee's job or income.** It makes them nervous and update their resumes. Management should think before they say anything that makes people feel they need to search for another job.
- Talk to each employee at regular intervals. Listen and solve employee complaints and problems, as much as possible.
- Fairness and impartial treatment by seniors is important. Help employees manage stress, both at work and if possible, off work too.
- Employees must feel rewarded, recognized and appreciated. Treat the employees well & provide dignity of job.

#### CONCLUSION

It is believed that, 'happiness can be contagious'. Human Resource department along with senior management must take steps to ensure that the work place is conducive, in which every employee would love to spend time. Lack or absence of such environment pushes employees to look for new opportunities. The environment should be such that the employee feels connected to the organization in every respect. Though they are just the basics, if implemented in an effective way can give good results.

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