



IMPORTANCE OF ASCERTAINING EMPLOYEE TURNOVER AND MEASURES TO CONTROL IT

Dr. Richa Sharma
BSC, M.B.A, PHD.

ABSTRACT :

This paper covers the study about what is called as Employee Turnover and what is a need of measuring and controlling the same in an organization. Employee Turnover is the process of replacing one worker with another for any reason. Turnover rate is a matter of concern to almost all the companies because employee turnover can be a costly affair, especially for lower-paying jobs, which typically have the highest turnover rates. Employee Turnover can have a vital affect of the profitability of the organization. Once employee leaves the organization either due to resignation or otherwise then lot of administrative tasks may be required to be performed which lead in incurring the expenses. By understanding the common reasons for high employee turnover, you will be better able to protect your business from a high cost. Well-motivated employees will lead to less Employee Turnover. This paper pay emphasizes on what are necessities of measuring the turnover and what are typical method to control it.



KEYWORDS : Employee Turnover , Well-motivated employees , organization.

STUDY

Employee turnover is the act of replacing an employee with a new employee. Employee may leave the organizations due to several factors some of which are consist of termination, retirement, death, 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 when compared to the other organization of the same industry then it means that employees of that organization have a shorter average tenure than those of other organization in the same industry. Each industry has its own standards for acceptable turnover rates, and these rates can also differ between skilled and unskilled positions. Due to the expenses associated with training new employees, employee turnover is typically seen to have a monetary cost.

High Employee Turnover affect the productivity of the organization hence it is very important for any organization to ascertain the employee turnover of the organization. Organization often track turnover internally across departments, divisions, or other demographic groups, such as turnover of women versus men. Only calculating employee turnover in isolation will not serve the purpose hence it is also very important to ascertain the reason as to why the turnover is happening? Why people are leaving the organization? what are the factors affecting the employee turnover? .

It is pertinent to note that the reason for employee turnover may defer from organization to organization. In one-way or other it depend upon the culture of the organization too.

TYPES OF TURNOVER

Types of Employee Turnover are broadly divided in to the following two categories:

1. Voluntary is the first type of turnover, which occurs when an employee voluntarily chooses to resign from the organization. Voluntary turnover can happen due to better job opportunity, problem in the organizational culture, disputes with the superiors, lack of opportunities for growth etc. Voluntary Turnover is very common in today's scenario. If a low performing employee leaves the organization voluntarily then it saves the organization from lot of formalities inversely if any high performance employee leaves the organization then the company may need to incur lot of expenses for replacement at the same time it may lead to reduction in the productivity of the organization.

2. Involuntary Turnover 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, improper behavior/misconduct of employee, lay offs, staff conflict, the at-will employment clause, etc.

Employee Turnover have to be viewed very seriously as it may directly affect the bottom line of the company. High employee turnover will have more chronic impact on the service industry, which is a human intensive industry hence employee turnover affect such industry badly. As already mentioned earlier that only calculating the employee turnover will not serve the purpose but at the same time we have to ascertain the reason for Employee Turnover in the organization.

Normally Economic and Non- Economic Factors affects the Employee Turnover of the Organization.

Economic Factors Affecting Employee Turnover

Now we will discuss that what are the economic factors that leads to the Employee Turnover: -

1. **Feeling Ignored regarding Recognition:** Everyone expects acknowledgment for a great job done. Perceiving representatives isn't just a pleasant activity yet a successful method to convey thankfulness for positive exertion, while likewise fortifying those activities and practices.
2. **Feeling Less Growth opportunities:** On the off chance that a worker feels that adequate development opportunity isn't accessible in the association then Often gifted people are compelled to work bounce starting with one organization then onto the next so as to develop in status and pay.
3. **Salary scale not defined and or not in line with industry level:** One of the common reasons why the employee turnover rate is high is compensation. Employees are for sure in search of jobs that pay them well. When employees are underpaid, they tend to look out for jobs that offer considerable pay. No matter how much someone loves working for you and believes in your business, if they are presented with a better offer they will likely consider leaving.
4. **Promotions.** Everyone needs advancements and development in their progressive system throughout the years, ponders have demonstrated that cash isn't generally the essential reason individuals leave an association, however worker likewise need advancements. Associations might not have an objective to offer the best remuneration in their general vicinity, yet in the event that they don't, they better pay aggressive wages and advantages while making their representatives feel esteemed! This is a basic blend.

The above are some of the major economic reason which, if not properly taken care of will lead to Employee Turnover.

Non-Economic Factors Affecting Employee Turnover

After studying the impact of the Economic factor on Employee Turnover now we will discus how Job Satisfaction of the employee affect the Employee Turnover.

In the earlier time economic factor was the predominant factor in the decision of the employee in leaving/retaining the organization. But now the situation has changed apart from just salary and monetary perks employee also look for Job satisfaction. No matter how much salary you provide but if the employee is not satisfied with the Job Profile or the working atmosphere he think for Job change and Employee Turnover increases. Company can provide the Job Satisfaction to the employee by providing the better working culture and providing the work which is of the interest of the employee and in which he is best suited. The concept of Right Person at Right Job needs to be followed.

Following are some of the factors, which affect the Employee Turnover on account of Job Dis- Satisfaction.

- 1) **Social-life imbalance:** - Presently a days representatives feel that his own and public activity is likewise critical and Increasing with financial weights, associations keep on requesting that one individual take every necessary step of at least two individuals. This is particularly evident when an association scales back or rebuilds, bringing about longer hours and end of the week work. Representatives are compelled to pick between an individual life and a work life. This does not sit well with the current, more youthful workforce, and this is exacerbated when the two companions or noteworthy others work.
- 2) **Disputes in the Job Profile:** - One of the critical factor regarding why Employee typically joins association is Job profile. It has turned into very normal for an occupation to altogether shift from the underlying portrayal and what was guaranteed amid the talking stage. At the point when this happens it can prompt question. The representative begins to think, "What else are they not being honest about?" When trust is missing, there can be no genuine worker possession.
- 3) **Mentoring is lacking or Missing altogether:** - Coaching has turned out to be vital now a days Ineffective directors put off offering input to workers despite the fact that they instinctually realize that giving and getting genuine criticism is basic for development and building fruitful groups and associations.
- 4) **Organizational Issues.** If the employee feels instability of the organization they may take decision of leaving the organization. Representatives don't have the foggiest idea about what's happening, what the needs are or what they ought to do. This causes dissatisfaction prompting disarray and wasteful aspects.
5. **No employee engagement:** Employee engagement is one of the important motivator. Employees would be happy to be a part of the company's ups and downs, and therefore they should be kept posted with all the happenings in the organization.

After understanding the factors, which lead to Employee Turnover, it is important to understand how to control the Employee Turnover.

Actions Normally Taken By The Organization to Control Employee Turnover occurs due to Monetary Dissatisfaction

Now we will discuss what action companies are normally taking to avoid or reduce Employee Turnover that occurs due to monetary dissatisfaction:

- 1) **Compensation Packages:** - Companies usually provides well design compensation packages to the employees to attract and retain them which includes allowances, Cars & Fuel. Domestic Servants allowances, bonus, Insurance coverage for self and family etc. It has been observed that well designed compensation package helps is retaining the employee for long period. ESOP is one of the options to attract and retain employee. In addition to traditional "pay and benefit" compensation, some companies also opt to offer additional perks such as on-site fitness rooms or day care, discounts on services or travel, and employee

assistance programs. Employees perform services with the expectation of receiving pay and benefits for their work.

2) **Formulate Strategic Promotion Policies:** - Well designed Promotion Policies attract the employee and complied them to stay with the company for longer period of time and to grow with the company. The policy for Promotion should be linked with the performance as well as experience. The Employee also want the when he is serving to the company in return he should be developed both professionally and monetarily.

3) **Timely Reward and Recognition:** - The culture of reward and recognition in the Company also helps in reducing the Employee Turnover. Companies normally formed the reward and recognition policies in such a way that whosoever employee perform or do something exceptional will be rewarded and will be recognized. The reward amount may not be high but by recognizing the contribution of employee company makes them feel a sense of belongingness.

4) **Bonus & Ex-gratia to retain employee:** - Higher Employee Turnover has forced the organization to follow the practice of providing the retention bonus. Retention Bonus is one of the important tools that are being used to retain employees. Retention bonus is an incentive paid to an employee to retain them for longer period.

5) **Long-term incentives:** -Long term incentives include stock options or stock grants. These incentives help to retain the employees in the organization's startup stage. Companies normally follow the ESOP (Employee Stock Option Plan) in which shares of the company is issued to the employees as an incentive on achievement of desired target. This will promote the employee to work and contribute more as they understand that if the company performs well the valuation of the shares of the company will increase and accordingly their wealth will also increase. This is being recognized as a best retention tool these days.

Actions Normally Taken By The Organization to Control Employee Turnover occurs due to Job Dissatisfaction

Following are some of the measures the organization are taking or should take to avoid or reduce Employee Turnover due to Job-Dissatisfaction.

6. **Proper Job Profile:** - If the employee has been informed at the inception of his assignment itself about his Job role and the expectation then there are very rare chances of dis satisfaction of the employee at the later stage as he is well aware of his roles and responsibilities and is not subject to any confusion.
7. **Well Defined Recruitment Process.** A well-defined recruitment process will reduce Employee Turnover at later stage. If the company follow the process of hiring a "Good Fit" i.e. hiring the right person for right place so that Employee Turnover can be controlled at later stage.
8. **Provide Proper Mentoring:** - Providing the Mentor to new entrants will reduce the pressure of the employee in coping up in the organization. Mentor plays a very vital role of handholding in the initial stages of an enterprise. The Mentor through counseling will come to know the problems of employees, which may lead to control Employee Turnover in future.
9. **Undertake Employee Engagement Activities:-** Employee retention and motivation are greatly facilitated through closer engagement with employees and by fostering a spirit of community, through shared activities beyond work. The company actively supports athletic and sporting activities at the national, regional and local level and encourages employees to participate.
10. **Learning and Development:-**The Company continued to invest in enhancing its human capital through building skills and competencies for its associates. It has brought a paradigm shift in the learning

process, which is called the next-gen learning & development (L&D). The L & D employee feels growth professionally and feels satisfied with the Job.

11. **Flexi Hours Working and work life balance:** - If the company provides the option to the employee about Flexi Hours working employee will be able to manage his personal and official life properly at the same time will also be able to achieve the desired output. It is one of the very important factor through which employee feel satisfied and want to stay and work more for the company.

Above are some of the factors, which if the organization takes care properly, employee feel satisfied about his Job and Employee Turnover reduces.

CONCLUSION: -

Thus from the above it can be concluded that it is utmost important for the organization to properly monitor the employee turnover on periodic basis as heavy employee turnover affect the profitability and productivity of the organization. Further the Organization should also ascertain the reasons as to why the employee turnover is happening in the Organization and do the proper analysis of the same. The Organization should also take all the measures to reduce Employee Turnover and ensure that the measure is implemented properly to derive the optimum level of productivity from the employees.



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