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Studying Interrelation: Employee Turnover & Technology

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ABSTRACT *Employers are facing unique problem of retaining good employees and relieving the bad one. Excessive employee turnover is not only a cost to the business, but it also affects smooth business functioning. Employee turnover depends upon several factors interplaying with each other. Employer – Employee relation is about mutual gain. Today's businesses are substantially depending upon technology. The technology changes have altered the human power, individual independence, and range of the individual; they have realigned the locus and structures of power. Technology has increased accuracy and speed, while reduced the cost and space. Technology is subject to faster changes and hence younger employees are most fit to work with as of their adaptive nature. Thus an employee retires early in high technology area. Another dimension of technology is high remuneration offer from competitive organizations. Thus attrition is directly related with use of technology in the business. This paper discusses interrelation of employee turnover vis-à-vis technology.*

Introduction

Employers are facing unique problem of retaining good employees and relieving the bad one. Excessive employee turnover is not only a cost to the business, but it also affects smooth business functioning. Employee turnover depends upon several factors interplaying with each other. Employer – Employee relation is about mutual gain. Today's businesses are substantially depending upon technology. The technology changes have altered the human power, individual independence, and range of the individual; they have realigned the locus and structures of power. Technology has increased accuracy and speed, while reduced the cost and space. Technology is subject to faster changes and hence younger employees are most fit to work with as of their adaptive nature. Thus an employee retires early in high technology area. Another dimension of technology is high remuneration offer from competitive organizations. Thus employee turnover is directly related with use of technology in the business. This paper discusses interrelation of employee turnover vis-à-vis technology.

As per Managing Today's Global Workforce Report by Ernst & Young, 27% of the respondents are bracing for period of widening knowledge gaps as older people retires. Companies seeking to take competitive advantage will view strategy as aligned with vision & mission of the company. In challenging environment like today, along with the technology, strategic process should review to ensure alignment as said earlier, this include the ethics & employee turnover.

Organizational behavior and employee turnover are closely related. Organizational behavior is influenced by organizational changes that are happening. Technology is one of the major change the organizations are constantly striving for. Manufacturing and service industry is capturing opportunity to excel through adopting latest technology or it became the prime necessary strategy to compete. Competing firms are designing human resource development and retention policies. Many competing firms are cooperating on limited form to survive. This phenomenon gives rise to networking of people at competing & cooperative firms, leading to swift change in the employment from one company to another. Employees conversant with new technology are dynamic in many other respects and are risk takers. So, techno savvy employees change the jobs frequently as their basic attitude of risk takers and affection to the new technology.

Electronic government expansion is creating the complex challenges of managing an effective information technology (IT) workforce in the public sector[1]. As per Soonhee Kim's conclusion on the basis of questionnaires received from IT employees working in the central IT departments, analyzing how job characteristics, work environment, and human resource management practices influence their turnover intentions. Results shows that work exhaustion, an emphasis on participatory management, and opportunities for advancement were statistically significant variables affecting state government IT employee turnover intentions. In turn, technology influences participatory management and getting more opportunities for advancement being a evolving & developing field. It is pertinent to note that stress has direct and positive impact on employee turnover. Changes in technology on continuous basis lead to pressure on employees to learn and adopt changes, which lead to stress on such employees. Hence technology have indirect but positive effect on turnover of employees.

However a study conducted in Germany[2] to investigate effect of organizational change & technology on employee turnover concludes that organizational change is skill based because it reduces predominantly net employment growth rates of unskilled workers due to job destruction while that of skilled workers is not significantly affected.

Turnover in IT professional remains area of study by several imminent researchers. Soon Ang et al[3] deduce in their study that IT Producers and IT Users where IT plays a supportive role adopt craft Internal Labour Market Strategies that engender higher employee turnover to remain timely and flexible in IT skill acquisition.

Employee Turnover & root cause

Over the years there have been thousands of research articles exploring the various aspects of turnover, and in due course several models of employee turnover have been promulgated. The first model and by far the one attaining most attention from researcher, was put forward in 1958 by March & Simon (Process Model of Turnover) followed by Porter & Steers (Met Expectations Model), Price (Causal Model of Turnover), Mobley (Intermediate Linkages Model), Hom and Griffeth (Alternative Linkages Model of Turnover), Whitmore (Inverse Gaussian Model for Labour Turnover), Steers and Mowday (Turnover Model), Sheridan & Abelson (Cusp Catastrophe Model of Employee Turnover), Jackofsky (Integrated Process Model), Lee et al. (Unfolding Model of Voluntary Employee Turnover), Aquino et al. (Referent Cognitions Model)

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and Mitchell & Lee (Job Embeddedness Model)4. The models attempts to identify reasons of turnover and attributing factors to build specific models on the basis of researchers focus. We try to capture the reasons of employee turnover in sugar industry and attempts to classify those reasons into (i) nature of seasonality of the sugar industry or (ii) institutional structure, the cooperative organization. Mobley (1982) defines employee turnover as "the cessation of membership in an organization by an individual who received monetary compensation from the organization". Mobley also outlined the four classes of determinants of turnover in organizations.

These determinants include (1) external factors, such as the availability of jobs and unemployment levels; (2) organizational factors like supervisory style, pay, job content, reward system, and work environment; (3) individual non-work-related factors, such as another person's career move or family considerations; and (4) individual work-related factors, such as a lack of job autonomy or unchallenging or uninteresting work. Within this context, we attempts to study reasons of employee turnover in sugar cooperatives to be segregated into seasonality of business and cooperative nature of the business.

Employee Turnover & Cost
Employee turnover may not be easily & precisely measurable in costs, but it can seriously affect an organization. When accounting for the costs whether real or opportunity costs, the cost of employee turnover to for-profit organizations has been estimated to be up to 150% of the employees' remuneration package5. Within real cost, there are both direct and indirect costs.

Direct costs relate to the leaving costs, replacement costs and transitions costs, and indirect costs relate to the loss of production, reduced performance levels, unnecessary overtime and low morale. Opportunity cost includes forgone benefits due to absence of employee. Therefore, turnover of these individuals incurs both replacement costs to the organization as well as resulting in a competitive disadvantage to the business. The employee turnover cause costs due to separation costs, paperwork, vacancy costs, overtime or temporary employees; and replacement costs including advertisement, interview time, relocation, training, and decreased

productivity when colleagues depart. Providing a stimulating workplace environment, which fosters happy, motivated and empowered individuals, lowers employee turnover and absentee rates.

Society for Human Resources Management and Wall Street Journal survey conducted in the US (Burke & Collison, 2004). This survey found that 35% of current employees are actively seeking a new job and that 40% of employees are passively looking for new jobs. There are three major reasons why turnover is a central issue in the field of organizational performance across the globe. First, turnover is related to low organizational knowledge, low employee morale, low customer satisfaction, high selection costs, and high training costs (Staw, 1980;

Talent Keepers, 2004). Second, high employee turnover is related to lower organization performance (Glebbeek & Bax, 2004; Huselid, 1995; Phillips, 1996), turnover is often the final outcome of an individual's experiences in an organization (Hom & Griffeth, 1995). Third, external environment like employment opportunity in the market, competition, technology updating, geographical/area specific legal environment, industry specific competition etc. Many researchers have studied turnover as a criterion to evaluate the effectiveness of various

organizational processes, such as selection of employees (Barrick & Zimmerman, 2005;
Meglino, Ravlin & DeNisi, 2000), training of employees (Ganzach, Pazy, Ohayun & Brainin; Glance, Hogg & Huberman; Hequet, 1993), and mentoring of employees (Lankau & Scandura, 2002; Luthans & Peterson, 2003; Payne & Huffman, 2005). Understanding the factors that influence turnover gives organizations the opportunity to reduce selection and training costs, increase employee morale and customer satisfaction, and enhance organizational productivity.

Conclusion
On the basis of discuses above several researchers suggest that technology is influencing employee turnover. Some of the researchers conclude that non skilled staff in Technology Companies have higher turnover. We also suggest that less adaptive employees lead to higher employee turnover in the companies. In essence technology company have to balance cost of employee turnover vis-à-vis cost of services.becauses cost of services are less if the employee are skillful and adaptive. To recruit and retain such employee ultimately reduce the cost of services of the technology company.

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