



Employee Engagement and Employee Turnover

KEYWORDS

Employee Engagement, Employee turnover, Types of Turnover, Causes of Turnover, Preventing Turnover.

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ABSTRACT *In today's context, most of the Indian business organizations are facing a paradoxical problem so far as employment of their human resources is concerned. On one hand, they are facing the problem of overstaffing and are busy to pruning the surplus staff through voluntary retirement and other schemes. On the other hand, they are facing the problem of employee turnover and are busy in developing retention strategies. The problem of employee turnover is more acute in new economy businesses. For example, Guru Bakshi, Vice President (HR), Metamor Global Solutions Limited has observed that "the IT industry has one of the highest turnovers, with employees constantly looking for more money and opportunities abroad". Employee Turnover is defined as the rate of change in the working personnel of an organization during a specified period. It signifies the extent to which old employees leave and new employees enter into service in a given period.*

EMPLOYEE TURNOVER DEFINITION

In human resources context, turnover or staff turnover or labour turnover is the rate at which an employer loses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door". Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover may be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers. Companies also often track turnover internally across departments and divisions or other demographic groups such as turnover of women versus turnover of men.

In the United States, the average total non-farm seasonally adjusted monthly turnover rate was 3.3% for the period from December 2000 to November 2008.[1] However rates vary widely when compared over different periods of time or different job sectors. For example, during the period 2001-2006, the annual turnover rate for all industry sectors averaged 39.6% before seasonal adjustments, during the same period the Leisure and Hospitality sector experienced an average annual rate of 74.6%.

TYPES OF TURNOVER

1. INTERNAL Vs EXTERNAL

Like recruitment, turnover can be classified as "internal" or "external". Internal turnover involves employees leaving their current positions and taking new positions within the same organization. Both positive (such as increased morale from the change of task and supervisor) and negative (such as project/relational disruption, or the Peter Principle) effects of internal turnover exist, and therefore, it may be equally important to monitor this form of turnover as it is to monitor its external counterpart. Internal turnover might be moderated and controlled by typical HR mechanisms, such as an internal recruitment policy or formal succession planning.

Internal turnover, called internal transfers, is generally considered an opportunity to help employees in their career growth while minimizing the more costly external turnover. A large amount of internal transfers leaving a particular department

or division may signal problems in that area unless the position is a designated stepping stone position.

2. SKILLED Vs UNSKILLED

Unskilled positions often have high turnover, and employees can generally be replaced without the organization or business incurring any loss of performance. The ease of replacing these employees provides little incentive to employers to offer generous employment contracts; conversely, contracts may strongly favour the employer and lead to increased turnover as employees seek, and eventually find, more favorable employment.

3. VOLUNTARY Vs INVOLUNTARY

Practitioners can differentiate between instances of voluntary turnover, initiated at the choice of the employee, and involuntary turnover initiated by the employer due to poor performance or reduction in force (RIF).

The US Bureau of Labor Statistics uses the term "Quits" to mean voluntary turnover and "Total Separations" for the combination of voluntary and involuntary turnover.

CAUSES OF HIGH AND LOW TURNOVER

High turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations, inappropriate processes or tools, or poor candidate screening). The lack of career opportunities and challenges, dissatisfaction with the job-scope or conflict with the management have been cited as predictors of high turnover.

Each company has its own unique turnover drivers so companies must continually work to identify the issues that cause turnover in their company. Further the causes of attrition vary within a company such that causes for turnover in one department might be very different from the causes of turnover in another department. Companies can use exit interviews to find out why employees are leaving and the problems they encountered in the workplace.

Low turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. However, the predictors of low

turnover may sometimes differ than those of high turnover. Aside from the fore-mentioned career opportunities, salary, corporate culture, management's recognition, and a comfortable workplace seem to impact employees' decision to stay with their employer.

Many psychological and management theories exist regarding the types of job content which is intrinsically satisfying to employees and which, in turn, should minimize external voluntary turnover. Examples include Herzberg's two factor theory, McClelland's Theory of Needs, and Hackman and Oldham's Job Characteristics Model.

Thomas suggests that there tends to be a higher level of stress with people who work with or interact with a narcissist, which in turn increases absenteeism and staff turnover.

PREVENTING TURNOVER

Employees are important in any running of a business; without them the business would be unsuccessful. However, more and more employers today are finding that employees remain for approximately 23 to 24 months, according to the 2006 Bureau of Labor Statistics. The Employment Policy Foundation states that it costs a company an average of \$15,000 per employee, which includes separation costs, including paperwork, unemployment; vacancy costs, including 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. Promoting a work environment that fosters personal and professional growth promotes harmony and encouragement on all levels, so the effects are felt company wide.

Continual training and reinforcement develops a work force that is competent, consistent, competitive, effective and efficient. Beginning on the first day of work, providing the individual with the necessary skills to perform their job is important. Before the first day, it is important the interview and hiring process expose new hires to an explanation of the company, so individuals know whether the job is their best choice. Networking and strategizing within the company provides ongoing performance management and helps build relationships among co-workers. It is also important to motivate employees to focus on customer success, profitable growth and the company well-being. Employers can keep their employees informed and involved by including them in future plans, new purchases, policy changes, as well as introducing new employees to the employees who have gone above and beyond in meetings. Early engagement and engagement along the way, shows employees they are valuable through information or recognition rewards, making them feel included.

When companies hire the best people, new talent hired and veterans are enabled to reach company goals, maximizing the investment of each employee. Taking the time to listen to employees and making them feel involved will create loyalty, in turn reducing turnover allowing for growth.

CALCULATING TURNOVER

Labour turnover is equal to the number of employees leaving, divided by the average total number of employees, multiplied by 100 (in order to give a percentage value). The number of employees leaving and the total number of employees are measured over one calendar year.

Number of employees who left during the year *100 (No. of employees at beginning of the year+No. Of employees at the end of the year)/2

CONCLUSION

Employee turnover is a very complex phenomenon. A large number of factors in isolation or in combination may cause people to leave the organization. As a result various theoretical formulations have been proposed by researchers to shed light on employee turnover. Different organizations and different department may have different level of closeness to turnover culture. Though there is no readymade solution to this problem, organizations need to do proper diagnosis to unravel employee turnover issue in the organization and plan retention strategy accordingly.

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