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Tendencies and Challenges of Employee Voluntary Turnover

Abstract

Knowledge and experience about employee turnover accumulated over the years and centuries from researchers. Some models or methods have undergone transformation over time, but all the major initial theories nowadays is significant to achieve organizational success. Meanwile, together with technological advances and labor trends in the world, demands of human beings are changed. Employee turnover is distinctively important topic for organizations around the world. Managing retention to keep turnover rate is one of the most challenging issues in contemporary world. Organizations should constantly pay attention how to detect personnel drain process effectively for the continuous development of business.

The best way to avoid personnel job leaving is to identify, analyze and eliminate the reasons that may cause it and try to prevent. As time goes by, companies have a shortage of qualified candidate in the long run. At the same time, continuously search for a new employee, on the job orientation and professional growth is associated with new financial expenses.

In article discussed as already known as well as unknown turnover factors. It is noteworthy that, in modern digital era it's easier to access global and local information to find a new career way out and constantly search for a new job. That's why organizations need constantly care for maintenance of talents. Even though, that leaving job is caused by various types of reasons high percentage of employee turnover rate still speaks about employee dissatisfaction. As well as, in the company where staff drain indicator is very low, it is clear that organization cares for the employees and staff is satisfied more or less with labor relationship. To avoid expenses caused by voluntary turnover, organizations need to determine problems, diagnose turnover drivers and formulate retention strategies.

Key Words: Employee, Turnover, Retention

Models of Voluntary Turnover

Voluntary turnover is defined when an employee leaves their organization with personal desire. There are several famous models that have particular importance.

James March and Herbert Simon in 1958 first presented model about voluntary turnover. This model has attracted many researchers. Several other models have been developed and published in order to spread this first concept (Bowen and Siehl, 1997). The Theory is known as "Organizational Equilibrium" and determines the importance of equilibrium and inducement-contribution balance between employee and organization (March, 1991). According to this model, employee's job leave decision related to job satisfaction and explains that individuals who are more satisfied with their current job conditions would indicate desire and effort to remain stable and grow professionally within (Perez and Staffelbach, 2008).

Second famous turnover model "Met Expectations" authored by Porter & Steers is still an important survey review and knowledge in organizational psychology and organizational behavior. Classic and basic definition of met expectations model specifies that individuals compare their before entry expectations about job and post-entry perceptions (Wanous, Poland, Premack and Davis, 1992). This concept determines that people always compare their expectations to the real situation in the organization associated with salary, promotion, recognition, collegiality, development possibility, working environment etc.

Next famous turnover model "Intermediate Linkages Model" by Mobley determines importance of intermediate linkages in the relationship between job satisfaction and employee turnover (Mowday, Koberg and McArthur, 1984). Author significantly presented in this model variables that link job attitudes with actual turnover behavior in turnover process.

According to "Alternative Linkages Model" withdrawal cognition mediate job dissatisfaction and exit relationship. The factors are responsible for initiation of turnover process like job dissatisfaction that is displayed after employee selection (Hom and Griffeth, 1991). Model of turnover recognizes the independent effects of job satisfaction and organizational commitment on turnover intentions. Work attitudes have direct and independent effects on intention to quit (Moynihan, Boswell and Boudreau, 2000).

"Causal Model of Turnover" by Price & Mueller represents a multilevel study theory related to job quit, that means to study all the determinants related to leaving decision. This model clarifies the need of analysis of causal accounts which is helpful and informative because it defines dynamic image of turnover. The model offers an account for all causal relationship and explains which determinants are depended on and operate to produce turnover (Price and Mueller, 1981).

"Attraction-Selection-Attrition" Model by Schneider determines that employees create themselves working environment and corporate culture, climate and the best practices. This theory is closely related to psychology and people socialization process. Three part model explains how collective characteristics of individuals define how they fit within an organization (Schneider, 1987). That model is very useful for recruitment process to attract the right audience, which candidates are similar to the existing employees and conform to a homogeneous organizational culture.

Research Findings and Tendencies
According to a SHRM study, 47% of HR professionals have named employee retention and employee turnover among the top challenges for several years up to now. Losing a top performer or failing to determine reason of turnover can be detrimental for an organization's health (ZOHO People, 2018).

According to Harvard Business Review, the top points millennial looking for in a job (Goler, Gale, Harrington and Grant, 2018) is the following:

(1) Opportunity to learn and grow
(2) Quality of manager
(3) Quality of management
(4) Interest in type of work

Many researchers have highlighted that human capital development improves employee engagement at work, because it can have real value for organization and a greater impact on employee outcomes. Research has shown that engaged employees are 87 percent less likely to leave an organization. Also, employee training has a positive relationship on employee knowledge and workforce commitment. There are ways for attaining new knowledge:

(1) Workplace Learning. This option is largely experimented method in practice. Socialization on the job and interaction with colleagues can help and facilitate workplace learning (Murdoch, Stephenson, Srivastava and Mason, 2018). Encouraging employees also create content for their further successive results and skills development.

(2) Self-directed Learning. Individuals review what they have learned, what they have achieved, what their goals are, how they are going to achieve those goals and what new skills they need to acquire. Self-directed learning is becoming increasingly attractive in rapidly changing world. Self-directed learning may lead to improve firm performance.

(3) Mentoring. This method is traditionally a process in which an experienced person - mentor guides another person in the development, learning and personal/professional competence (Klinge, 2015). There should note, that mentor's own experience and qualification is particular value for the new employee. Mentoring also promotes on-the-job learning and can act as a complement to formal training (Armstrong and Taylor, 2017).

(4) E-learning. E-learning is computer-based process, where web-based technology provides learning material and guidance to employees. Web-based learning portal is established in many universities. In E-learning process may use also mobile application. E-learning programs are not as effective for developing soft skills such as team-building.

(5) Career Management. This section explains importance of employees' new opportunities for their career succession. Plan of career objectives helps to employees to achieve organizational and personal goals. Employers must ensure that employees have a career path in the organization. Career plans should be aligned with employees' goals in order to reduce employee turnover and increase employee engagement (Byrne, 2014). The researchers examined that participation in tuition reimbursement reduces turnover while employees are in school. The results demonstrated that, for individuals who enter a firm and who are not already college graduates, tuition reimbursement program is a particularly effective way to encourage employees to enhance their career prospects within the organization. Various studies also showed that employee turnover increases when individuals earn their graduate degrees.

(6) Non-cognitive Abilities. Many researchers have highlighted about non-cognitive skills, such as character skills, personality traits, goals, motivations and preferences which are growing in value. Researches examine the role or personalities, attitudes and mindsets in relation to human and social capital and workplace outcomes. A proactive personality is positively associated with interpersonal help and negatively associated with turnover intention. There are a number of studies that have examined the relationship between psychological capital and employee outcomes (Luthans, Rhee, Luthans and Avey, 2008). It is recommended periodical short training for employees that includes confidence-

building sessions and goal-setting sessions to enhance efficacy, optimism and hope. That dissatisfaction can lead directly to voluntary turnover if the employee has no access to information about ongoing career paths within the organization. The respondents said in one study, they left their job because they were looking new challenges or opportunities that were lacking with their previous employer (Oracle White Paper, 2012).

The cost of employee turnover is widely debated around the world. Many argue that estimated turnover cost is 100%-150% of the incumbent's salary, while others estimates it is around 30% of the incumbent's salary. The entire figure includes advertising the vacancy openings, interviewing, testing, placing and on-boarding new employee. Besides this, the impact on productivity and morale of the existing team and errors during ramping up to competency can be as much as 200% of employee's annual salary (McPherson, 2019). Employee turnover is costly since it involves the costs of losing knowledge and losing investments in employees who left. Retention activities help to organizations to maintain talents and optimize personnel costs (Dess and Shaw, 2001). The employer enjoys the benefit in the long-run- a strong pipeline of employees, filled positions and engaged workforce that leads to lower turnover (CareerBuilder, 2018).

After two years research-based interviews with hundreds of clients, Deloitte University Press suggests new model for engagement for turnover reduction (Bersin, 2015):
   (1) Meaningful work
   (2) Hands-on management
   (3) Positive work environment
   (4) Growth Opportunity
   (5) Trust in leadership

Turnover often starts with poor selection decision, compounded by inadequate training, insensitive appraisal and inequitable pay (Dessler, 2013). According to GLASSDOOR economic research report, every job transition adds another line to employee resume and it also opens the door to new career challenges and opportunities (Smart and Chamberlain, 2016):
   (1) Promotion
   (2) Better pay
   (3) Fresh start with a new employer
   (4) Move to a new location
   (5) Entry into an entirely new profession

GLASSDOOR researchers extracted from 2007 to 2016 unique 4,592 resumes shared by job seekers and according survey result presented basic facts about career transitions:
   (1) Trend #1: Most employees leave their company when they change jobs. Employees quit current job when they are ready to move on their next job.
   (2) Trend #2: Most employees change jobs frequently: researches explain that many employers review and promote employees based annual cycle and workers leave for a new employer before these annual points.
   (3) Trend #3: Representatives of some industries change jobs far more often. By report the most frequent job changes is in the construction industry, repair and maintenance. Employees in this sectors change job in every 10.6 months on average. For example, most construction work is

seasonal and workers routinely change employers after each project is completed. In public sector roles are more stable.

(4) <u>Trend #4</u>: When workers change jobs, they usually get a pay raise. Employees change jobs for many reasons. Some are promoted to senior and upper positions or some make horizontal moves into new job functions.

(5) <u>Trend #5</u>: When workers leave employers, it's usually for better culture. Researchers examined six measures of company culture: overall rating, career opportunities, compensation and benefits, culture and values, work-life balance and quality of senior management.

Statistical analysis reveals three factors that impact on employee retention:
(1) Company culture
(2) Employee salary
(3) Stagnating for a long period in the same job.

Following the example of one of the largest and most popular companies, according to Harvard Business Review (Goler, Gale, Harrington and Grant, 2018) really reason to quit job in Facebook often is to have a horrible boss. Therefore, Facebook tries to select and develop great managers and to receive feedbacks from respondents that they're happy with their managers. Different reasons caused by horrible head:
(1) Job is not enjoyable
(2) Employees' strengths are not being used
(3) Employees' are not growing in their career.

By team leaders' opinion in Facebook, the best manager is always ready to listen to the subordinates. They encourage employees to show strong strengths. When employee has a manager who constantly cares about her/his successful career and happiness, it is incredible to think about leaving the job and working elsewhere.

According to sixth edition of "Human Resource Management" Taylor and his colleagues in 2002 interviewed 200 people who had recently changed employers about why they left their last job (Torrington, Hall and Taylor, 2005).
There are three the most common reasons:
(1) Dissatisfaction with the conditions of work
(2) Perception that they were not being given sufficient career development opportunities
(3) Bad relationship with their immediate supervisor

In Georgia in 2019 interviewed up to 200 people who had recently left employers about why they left last job. Important 5 factors have been identified to avoid employee voluntary turnover:
(1) Relevant Salary/Compensation for them
(2) Opportunity for professional growth
(3) Clearly defined labor conditions
(4) Knowledge strategies and goals of organization
(5) Harmonious relationships with supervisor and colleagues.

All Research shows a strong correlation between positive employee experience and high retention rate (EXimpact, 2019). Within the scope of presented research and trends, explored factors that cause employee voluntary turnover has key importance for TOP managers, business owners, HR professionals and individuals interested in stability of human resources around globe. Overall, it is important to study the factors in organizations which originates employee dissatisfaction.

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