



A Study on Employee Turnover and Its Impact on Organization Performance

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ABSTRACT

Success of any business depends on its organizational performance. Performance of organization depends on its employees who are the assets of the business and help in achieving organizational goals. Within the business community, employee turnover is widely assumed to affect organizational performance and the importance of maintaining qualified employees for the success of organizations is not a new idea. It is not very often that the management would be aware of the true reason as to why an employee would be leaving their organization. This would help the organization to an extent to get a clear picture of what is going wrong. The impact of the millennial workforce's working environment on organizational performance is the focus of this conceptual paper. This research highlights on the factors that influence organizational performance by systematically collecting and contextualizing all empirical evidence from literature that fits the study's context.

Keywords : Employee Turnover, Organizational Performance, Millennials

I. INTRODUCTION

Generational demographic shifts have had a significant impact on the current work environment, specifically the millennial workforce. When compared to previous generations, such as the Baby Boomer and X generations, the millennial generation is vastly different. For the first time in history, there are five generations in the workforce today, each with their own communication style and preferences. "Our generation has seen double-digit growth since they gained consciousness and has been continuously on the fast track; now we are realizing there is more to life than growth; we are experiencing the truth behind the old saying...less is more," said Anuradha Menon, an IT professional, Pune. While they hoped

for the best, millennials admitted that they are seriously rethinking and realigning some of life's fundamental needs, such as control, relationship, and satisfaction. Millennials seem to have progressed from infantile interactions to compassionate human connection. Media portrays millennials as selfie-obsessed fitness addicts who change jobs frequently and companies that want to retain millennials must be ready to embrace all aspects of the generation, beginning with technology.

According to a recent Gallup survey on today's generation, 21% of millennials say they've switched jobs since last year more than three times the number than other generations who say the same. These Millennials are also less likely to stay in their existing career paths. Half of millennials, compared to 60% of

non-millennials, strongly agree that they hope to work at their current company in a year. Thus, Millennials significantly impact on reason for high employee turnover level. Millennials make up a significant percentage of the modern workforce, and their numbers are dwindling. Businesses need to adapt to this generation in terms of attracting and retaining talent.

While attracting Millennials, companies have become better at communicating their organization culture and company values. As the millennial generation continues to dominate the workforce, businesses are becoming largely focused on them. They have started recognizing that Millennials possesses positive ambitions of a potential employer so that they can constantly adapt to technologies that ensures the critical information in an appealing way.

Within organizations turnover establishes a diverse scenario [18]. Human capital theory and social capital theory are two theoretical perspectives that are particularly interesting from a public sector perspective [10]. According to social capital theory, high turnover rates will disrupt social ties and hinder trust among colleagues. Yet on the other hand, job stability and high-quality professional networks have a significant effect on performance [22]. These two theories study the chain of events that occurs when people leave or enter the workplace to understand the impact of turnover on organizational performance.

In any business, Organizational Performance is a vital evaluation metrics that can impact various diverse areas from human resources (HRs) and marketing to operations management, international business, strategy, and information systems. The present perception of the turnover–performance relationship is majorly unidirectional, with the focus on how turnover affects performance of the organization. In

their review of turnover research in public administration concluded that "the characteristics of the relationship between turnover and performance remain unknown [15]. Organizations may improve performance management or reduce limited resources or initiatives that do not significantly benefit success, resulting in an increase in employee turnover.

II. REVIEW OF LITERATURE

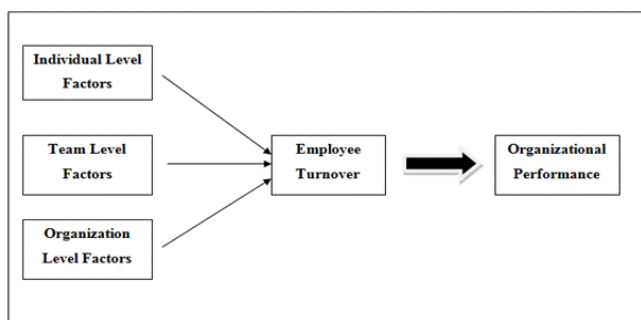
Several theoretical frameworks on the relationship between employee turnover and organizational performance have been developed. Given that employees are significant resources that help to empower, influence, and implement the strategy, any change in human resources has an influence on organizational success [17]. As a result, many managers believe that employee turnover has a negative impact on the business [1] and management continues to be a difficult topic in corporate strategy [17]. The impact of employee turnover on organizational performance is measured by the key indicators are sales growth [3], return on equity [16], customer service efficiency [18][26], and profitability [21][26][27].

Managers regularly evaluate organizational performance to idealistic practices according to the behavioral policy of the company, and make appropriate changes if there is a performance shortfall [14][7]. Employee turnover and organizational performance have a nonlinear relationship (inverse U-shape) that influences the impact of employee turnover,[11] as it leads to innovation, creativity and highly motivated employees [30][13]. Scholars, Mobley and Price and Mueller introduced the pioneering employee turnover model.

First basic model helped to illustrate how employee turnover decisions evolved through various phases varying from analyzing the existing job to having to leave it[24]. Subsequently, in the later stage,

conceptual model included organizational, individual and economic labour market variables that have passed through other intermediate factors that affect employee turnover [25]. In a more recent study highlights The hospitality sector relies significantly on human resources (HR) [9] because staff always play vital roles in forefront that can cause negative side effects, such as turnover social behaviour and poorer customer service [2]. Hence, these contextual factors affect employee turnover decisions.

Conceptual Model of the study



Factors affecting Employee Turnover

Individual Factors affecting employee turnover

Job satisfaction is a reliable indicator of the purpose of turnover [28]. Job satisfaction influences organizational commitment both directly or indirectly. In addition to the impact of job satisfaction on turnover, the factors predicting job satisfaction includes relationship quality, job accuracy, need-to-reward effects on relationship quality [6] to training [5]. According to Kim and Jogaratnam [20], intrinsic motivation along with supervisory leadership is an indicator of turnover intention. Employees who felt they encouraged were less willing to quit their work and were more optimistic on their abilities at work, resulting in lower turnover[12].

Although work–life balance is possibly a non gender issue that affects employee turnover, as Work–family balance is a concern when female staff members change to new jobs. Individual employment characteristics affect the intention to continue in a

job, depending on employment level, working hours, number of years at the organization and work shifts. The older generation had lower job satisfaction levels, which led to higher turnover intention levels, particularly for those at non managerial levels. Promotion opportunities affected women more significantly regarding turnover decisions because women frequently had fewer promotional opportunities than men, affecting work–life balance issues. Accordingly, women tend to emphasize promotion in job decisions.

Team Factors affecting employee turnover

Relationship quality has been mentioned studied often in previous studies. Some studies have proved a link between the quality of the relationship between coworkers, supervisors and turnover intentions [5], although the effect was somewhat indirect. Becker and Tews [4] concluded that fun activities improve the relationship quality and bonding between employees, yet they did not eventually lower employee turnover intentions. Tews[4] focused on employee relationships, namely instrumental support and emotional support. The study concluded that more significant instrumental support increased turnover intentions, while more significant emotional support decreased turnover intentions. In addition to the peer-level relationship, the effect of supervisory support on employee turnover received mixed findings[20].

Organizational level factors affecting employee turnover

Salary was mentioned most frequently as a factor causing employee turnover. Chan and Kuok tried to explain why people resign for salary reasons based on the local labor market conditions. Lee and Way determined that different job categories, shifts and levels affect turnover intentions for hotel employees. Yang explained that four different job qualities affected employee turnover: “lack of challenge,” “too

much information processing,” “monotony of daily work” and “change in the philosophy of business operation.[35]” Promotion was consistently proven to be a concern affecting employee turnover in previous studies, such as the study by Chan and Kuok explained that promotion is a way to affect a higher level of intrinsic motivation for employees. Accordingly, when the opportunity to attain a higher position was absent, employees were more willing to leave their jobs. Place figures and tables at the top and bottom of columns. Avoid placing them in the middle of columns.

The term working environment was mentioned in several studies [35] which indicated a correlation between the working environment and employee turnover. Choi [5] confirmed that training positively influenced an organization by decreasing employee turnover and increasing job satisfaction regardless of the type of jobs and roles. In addition to the individual demographical differences, some studies have attempted to explain how organizational background influences employee turnover decisions. In total, two external factors formed by organizations were identified: organizational reputation and the owner’s financial capability [35]).

III. REFERENCES

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