Here’s why it is vital to stem high employee turnover in your firm

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The majority of employee departures occur among the best employees who hold more options with regard to leaving and finding better employment alternatives. PHOTO | FILE

Strikes, walkouts, negotiating meetings, collective bargaining, and intentions to quit….. One can barely turn on a news outlet without ingesting the punctuated acerbic dialogue of contentious opinions swirling around labour relations across industries in public and private organisations. Prudent executives must learn how to stave off collective turnover intentions.

Research consistently shows that intention precedes behaviour. In a simple example, if a hungry customer enters Java House with the intention of consuming a chocolate milkshake, then the following behaviour most likely would entail that same individual purchasing and drinking the dessert. Likewise, an employee’s intention to quit a company strongly correlates to actual turnover as employees take the action and leave.

Turnover may signify functional or dysfunctional leaving depending on the impact that employee departures hold on the firm. Turnover comes in the form of either voluntary or involuntary departures from a firm. Sometimes when certain employees voluntary leave an organisation, it epitomises a blessing in disguise if the worker engaged in harmful workplace behaviours, held unhelpful attitudes, or rallied other employees to work against the goals set by management. Additionally, an entity struggling through a difficult low revenue period might either benefit
from cost savings if the least effective staff quits or the firm could gain more revenue by replacing the departed workers with more productive ones.

So, no staff turnover at all can actually stifle an organisation with low creativity, low diversity, and slow responses to new market challenges. Some staff departures prove good for a company while too many harms a firm. Turnover rates create what Julie Hancock and her fellow researchers back in 2013 called a curvilinearity instead of linear effect because with too little or too much epitomising alarming results whereby the best results lie in the middle with moderate amounts of turnover desired.

Unfortunately for organisations, the majority of employee departures occur among the best employees who hold more options with regard to leaving and finding better employment alternatives. Competitors like to hire the best workers from their opposing firms and the best staff also receive the most lucrative compensation offers from competitors. Inasmuch, dysfunctional employee turnover represents a real threat to organisations. On an individual basis, supervisors must spend copious amounts of often frustrating time searching for new staff, interviewing replacements, retraining new employees, showing organisational cultural norms, and integrating new hires into teams without destabilising existing groups.

On a firm-wide basis, John Hausknecht and Charles Trevor highlight that high level of turnover holds the following three effects. First, productivity reduces via lower sales across a company and reduced output from departments while at the same time increases costs and inefficiency. Second, customers’ experiences get directly hit through poorer outcomes. Worse customer experiences include longer wait times, lower satisfaction, and poor service quality. Third, overall firm performance takes a hit through lower financial performance and shoddier market performance against competitors.

An astute manager should then ask themselves what causes collective turnover intentions among workers so as to prevent the above negative effects. Casual observers often take particular note of salary discrepancies between labour demands and employer supply. However, pay represents only a small portion of why employees collectively might intend to quit their positions en masse.

Some research shows that performance-linked pay rewards actually makes retention rates worse rather than better. Other times in varying scenarios, additional research details either a positive impact on retention or no impact at all. So pay as the main excuse that executives give for turnover actually plays a small negligible and often questionable role.

Instead, managers should focus on what really matters in order to keep their staff. New research just released this month by Julie Hancock with a different team including David Allen and Craig Soelberg in the Human Resource Management Review highlights four leading causes of collective turnover intentions that every executive should avoid.

First, when employees hold low collective regard for a firm’s human resources systems and practices, then their shared intention to quit increases markedly. A human resources system might show favouritism, respond too slowly to concerns, or ignore employee feedback. Trust in a
just and fair organisational human resources system goes a long way towards retaining one’s staff. Additionally, individual human resources practices can increase quitting rates if done incorrectly.

Staffing levels so low that workers must put in too many hours, insufficient training for employees to grow in their jobs, or lack-lustre or unfairly perceived incentives all represent individual human resources practices that increase turnover intentions.

**Greater expectations**

Second, employees may hold low or deteriorating perceptions about the organisation and its leaders. Poor opinions of firm leaders, a distasteful corporate culture, low job satisfaction, and low organisation commitment all erode the likelihood that employees will stay with the firm. If workers independently hold divergent wide-ranging individual opinions about the before mentioned factors with some positive and some negative opinions, then the fallout becomes less severe. However, when a company’s staff feel unified and cohesive as a team, then if they collectively hold convergent low perceptions of the factors, then collective turnover likely would result.

Third, an organisation that moves around employees frequently or replaces management at alarming rates could realise a staff revolt with mass resignations. When a firm changes personnel often, it makes staff feel less secure in their positions fearing possible consequences for themselves in the future. Such a scenario also stresses employees that they must build new relationships and new bonds over and over again with rearranged or replaced fellow workers or supervisors. Organisational-induced stress increases collective intention to quit.

Fourth, prior performance leads to either retention or departure. A firm with a successful track-record increases employee confidence with greater expectations for the future and higher likelihood of continued employment. On the other side, poor performance in the past enhances senses of embarrassment, fear, or low excitement that all lead to greater turnover en mass.

In summary, executives must stamp out the antecedents mentioned above of collective intentions to quit a firm. High collective turnover brings real negative outcomes to a firm that fails to realise how to stem such defections. Share your experiences about retention and turnover trends across Kenya through #KenyanRetention on Twitter.

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