TURNOVER ANALYSIS AND COSTING

There is little that an organization can do to manage turnover unless there is an understanding of the reasons for it. Information about these reasons is difficult to collect. The problem here is whether the individual will feel able to tell the truth, the specific reasons for leaving. Despite their disadvantages, exit interviews may be helpful if handled sensitively and confidentially, perhaps by the HR department rather than the line manager. Analyses of turnover rates between different departments and different job groups may well shed some light on causes of turnover.

In many cases people leave for a mixture of reasons, certain factors weighing more highly in their minds than others. The following is one approach to categorizing the main reasons people have for voluntarily leaving a job, each requiring a different kind of response from the organization.

1- Outside factors:

Outside factors relate to situations in which someone leaves for reasons that are largely unrelated to their work such as; partner is relocated, ambition to travel, juggling the needs of work and family and illness. It is possible to reduce it through the provision of career breaks, forms of flexible working and child-care facilities.

2- Functional turnover:

The functional turnover category includes all resignations which are welcomed by both employer and employee alike. There are major examples such as; individual's poor work performance or failure to fit in comfortably with an organizational culture. The main solution is improving the recruitment and selection procedures.

3- Push factors:

The problem is dissatisfaction with the organization leading to unwanted turnover. A wide range of issues can be cited such as; Insufficient opportunities, boredom, ineffective supervision, poor levels of employee involvement. Organizations can readily address all of these issues. The main reasons are that so many fail to do so is the absence of mechanisms for picking up signs of dissatisfaction.

4- Pull factors:

The opposite side of the coin is the attraction of rival employers. Employees are leaving in order to improve their living standards, to take the chance to work with particular people and due to broader notions of career development. For the employer losing people as a result of such factors there are two main lines of attack. First, there is a need to be aware of what other employers are offering and to ensure that as far as possible this is matched. The second requirement involves trying to ensure that employees appreciate what they are currently being given.

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Most common reasons (Taylor 2002)

Mix of factors at work in most cases but concluded that push factors were a great deal more prevalent than pull factors as causes of voluntary resignations. Other factors played a much bigger role such as;

- Dissatisfaction with the conditions of work, especially hours;
- Insufficient career development opportunities;
- Bad relationship with the immediate supervisor.

There are four key factors which serve to retain staff. Organizations that do not provide these factors to their people will lose staff to competitors who can provide them. Ex:

- Training and development;
- Challenging and interesting work;
- Freedom for innovative thinking;
- Job security.

Costing

In order to improve staff retention generally or the retention of particular individuals, organizations need to balance the costs involved against those that are incurred as a direct result of voluntary resignations.

Costing turnover each year permits organizations to stats with some confidence how much money is being saved as a result of ongoing staff turnover reduction programmers. It can be also be used as a means of persuading finance of the case for investing money in initiatives which can be shown to improve retention such as; Oldham.

Staff Retention Strategies

To retain staff organization should provide them with a better deal and provide them with jobs which are satisfying along with career development opportunities. We look at six measures that have been shown to have a positive effect on employee retention (pay, managing expectations, induction, family-friendly HR practices, training & development and improving of line management).
1- Pay:

There is some debate in the retention literature about the extent to which raising pay levels reduces staff turnover. Employers who offer the most attractive reward packages have lower attrition rates than those who pay poorly which leads many organizations to use pay rates as their prime weapon in retaining staff. Pay is a good deal less important than other factors in a decision to quit one's job.

There is potentially more to be gained from enhancing benefits packages, because these are less easily matched by competitors. Where particular benefits, such as staff discounts, holiday entitlements or private healthcare schemes, are appreciated by staff, they are more likely to have a positive effect on staff turnover than simply paying higher base wages.

The consensus among researchers specializing in retention issues is that pay has a role to play as a satisfier, but that it will not usually have an effect when other factors are pushing an individual towards quitting. Raising pay levels may thus result in greater job satisfaction where people are already happy with their work only.

2- Managing expectations:

Employers benefit from ensuring that potential employees gain a realistic job preview before they take up a job offer. In order to make sure that new staff enters an organization with their eyes wide open and do not find that the job fails to meet their expectations.

The need is to strike a balance at the recruitment stage between sending out messages which are entirely positive and sending out those which are realistic. In other words, it's important not to mislead candidates about the nature of the work that they will do.

3- Induction:

Another process often credited with the reduction of turnover early in the employment relationship is the presence of effective and timely induction. Induction has a number of distinct purposes, all of which are concerned with preparing new employees to work as effectively as possible and as soon as is possible in their new job.

First, it plays an important part in helping new starters to adjust emotionally to the new workplace. Second, it provides a forum in which basic information about the organization can be transmitted. Third, it processes can be used to convey to new starters important cultural massages about what the organization expects and what they can expect in return.
4- **Family-friendly HR practices:**

Labour Force Survey statistics show that between 5% - 10% of employees leave their jobs for family or personal reasons. These statistics suggest that one of the more significant reasons for voluntary resignations from jobs is the inability to juggle the demands of a job with those of the family. They indicate that there is a good business case, particularly where staff retention is high on the agenda, for considering ways in which employment can be made more family friendly.

Providing flexible working opportunities is a very good way of retaining staff, particularly when organizations do more than their competitors. This because juggling family responsibilities is a big issue in employees' lives, Thus it will be hugely appreciated by them.

5- **Training and development:**

There are two widely expressed, but wholly opposed, perspectives on the link between training interventions and employee turnover. On the hand is the argument that training opportunities enhance commitment to an employer on the part of individual employees, making them less likely to leave voluntarily than they would if no training were offered. The alternative view holds that training makes people more employable and hence more likely to leave in order to develop their careers elsewhere.

Training which is paid for by the employer is a good deal less likely to raise job mobility than that paid for by the employee or the government. Firm-specific training is also shown in the study to be associated with lower turnover than training which leads to the acquisition of transferable skills.

6- **Improving the quality of line management:**

Voluntary resignations are explained by dissatisfaction on the part of employees with their supervisors, it follows that the most effective means of reducing staff turnover in organizations is to improve the performance of line managers. Too often, it appears, people are promoted into supervisory positions without adequate experience or training.

The solution is to take action on various fronts to improve the effectiveness of supervisors:

- Select people for this roles following an assessment of their supervisory capabilities;
- Ensure that all newly appointed line mangers are well trained in the supervision;
- Regularly appraise line managers on their supervisory skills.