



Employee Turnover and Retention Management

Case Study (LIT2018): EMPLOYEE TURNOVER (Lithuania 2018)

Abstract

Job change or a desire to change it is assessed as an expression of disloyalty of an employee (Pilkauskaitė-Valickienė, Valickas, Sinkievič, 2007, 115). In order to control employee turnover, it is necessary to define the factors that influence employees' loyalty, to know their needs and expectations and possibilities of an organisation. An organisation's ability to manage employee turnover provides new possibilities and protects from possible threats. It is possible that in case of stagnation, work efficiency will decrease, and new employees can bring new good ideas and initiative. On the other hand, a high employee turnover has a negative influence on an organisation. Therefore, an ability to balance between these phenomena can bring additional benefit.

Introduction to the Organisation

PI (Public Institution) "Scala Dream" was founded on 8th January 2012. Scala Dream Bouldering Centre is a leisure and sports centre for all. Scala Dream's goal is to provide people with unique and quality services of active and healthy rest in a bouldering club and to become the best place for spending active leisure time in Klaipeda. The mission of Scala Dream – "we fill the life of people with joy, by providing leisure, wellness and physical education services with a special relaxation".

Scala Dream company management can be attributed to the linear management structure. The structure has a minimum number of management stages and a clearly expressed subordination. Every manager performs all management functions in the area entrusted to him/her. This structure requires that each manager has a wide spectrum of knowledge. The head of the company Scala Dream is responsible for the fluent work of the whole company.

HR Challenges

The company "Scala dream" faces the problem of employee turnover, because in the last year a large part of their workforce has left. According to the head of PI "Scala dream", the company has never experienced the problem of employee turnover until this year, so it is a new challenge for the company. Because of the high turnover of employees, the present employees lose motivation and consequently labour efficiency decreases.

The current employees get a bigger work load because even if there is a lack of employees, all the works must be done. A big workload causes dissatisfaction, stress, internal conflicts, and the company managers do not have practical experience to cope with them.

When analysing the problem of employee turnover, managers of PI "Scala dream" explain it by the instability of employees of the young generation, and their inability to decide. They name reasons of employee turnover to be more external than internal, but it is known that employee loyalty and motivation at work mostly depend on the application of certain means.



Literature Review

What is employee turnover

According to M. Damidavičius and A. Pocius (1998, p. 111) employee turnover is a form of labour redistribution, when employees transfer from one company to another voluntarily, because of labour discipline.

According to J. R. Aldag, M. T. Stearns (1987, p. 76) employee turnover can be:

- voluntary (when an employee decides to change workplace on his/her own);
- involuntary (when an organisation dismisses an employee for low labour efficiency, labour discipline violations and similar reasons).

Voluntary turnover can also be classified as avoidable and unavoidable. Unavoidable turnover depends on life decisions which are higher than the will of an employer – e.g.: a decision to move to a new place of work because of a spouse. However, Harvard University research showed that almost 80 percent of turnover happens because of mistakes made during recruitment. Avoidable turnover can be caused by such factors as dissatisfaction in an organisation (Amour, 2000).

Another type of employee turnover, according to R. L. Mathis, J. H. Jackson (2001, p. 79) are:

- functional (when an employer is left by weak employees);
- dysfunctional (when an organisation is left by the most important employees and managers).

The authors note that functional turnover of employees is not a bad phenomenon for an organisation, because it means that the company is left by less capable, less reliable people who most probably are not able to get on with colleagues. Meanwhile dysfunctional turnover of employees can be damaging to a company, because the workplace is left by managers or other important people and their unfinished work can be stopped or unimplemented until a replacement manager is found.

Employee turnover can be controlled or uncontrolled:

- controlled (occurs because of factors that can be influenced by an employer);
- uncontrolled (occurs because of reasons that cannot be influenced by an employer).

Reasons for employee turnover

Content and nature of job. It is a characteristic of working activity, which describes the consistency of separate operations, the ratio of physical and mental efforts in the process of work, work monotonousness and diversity. When a person understands that this type of job does not suit their character, he/she will start looking for a more suitable job.

Payment for work. Every person pays a lot of attention to payment for work. For some employees, salary is a source of income, for others it is the right reward for their efforts. If the payment received for work does not satisfy any of these attitudes, there is a big possibility that the employees will search for another organisation.

Manager. Here a competence of manager and style of management are distinguished. In this case two factors are important. The first one – how a manager communicates with employees, whether he/she pays personal attention, whether he/she notices successfully performed tasks. Another factor – whether a manager involves employees in decision making, how he/she influences their jobs.



Employee motivation system. It is important to find out what motivates every employee separately to work effectively and what means of motivation would be the most purposeful to apply so that no one feels hurt or undervalued.

Employee training. If an employee is constantly given tasks that he/she lacks the competence for, first of all, he/she should be given an opportunity to gain qualifications through courses or work placements.

Adaptation of a new employee. Job change is one of the most stressful reasons, so a lot of attention should be paid to a new employee. Mostly he/she is told what needs to be done, but he/she is rarely told how to do that. The person does not know where he/she can get the necessary information, feels lost and undervalued. Since the new employee is not yet fully committed to the organisation, he/she can simply be left searching for understanding and more support during the first weeks of work.

Poaching. Since there is a lack of good specialists in Lithuania, there is a risk that employees are approached with a better offer by rival companies. Most use that, depending on personal needs and goals. Some of them would like to work in an international company, others hope for internships or business trips to foreign countries. If there are organisations that can offer that, a person uses that without much consideration and is poached (The reasons for employee migration among companies, 2006).

Findings and Analysis

The system of performance assessment in the company has many problems and this could be having a negative effect on employee motivation.

Employees chose to work namely in the PI "Scala dream", because they searched for a temporary job or got interested in the work in the company during workouts. This reveals one of the problems in the company - that employee turnover is related not only to certain internal aspects of the company but also to external factors, because the company employs people who tend to leave in the near future. Also, many employees were attracted by the employees working in the company, its friendliness and good mood.

Most employees of the company are students; therefore, they are happy working in the company because they can match work with studies. Also, the respondents stated that there are opportunities to develop their communication skills when working with people, to match sports, studies and work.

It is worth noting that almost 100% of the respondents excellently assess their relationships with the employees and the managers.

The feedback in the company is excellent. The respondents stated that they can always ask questions and get answers. However, while many respondents acknowledged that their opinion is always asked for, it is not always taken into account and measures are not always taken.

The most common reasons for employee turnover are financial, search for new opportunities and personal. The remaining reasons do not exceed the limit of 10% and the least mentioned are: mobbing, overtime, and unsafety at work. Thus, a conclusion can be made that the respondents assess their workplace as a safe one, where rarely turnover is caused by mobbing, overtime or other problems arising directly from an organisation. The reasons which are indicated as the most frequent ones arise from the employees' perception of work, their assessment and self-assessment, giving rise to questions such as "do I deserve more?", "am I paid too little?", "maybe somewhere else will be



better?”. Other reasons for employee turnover indicated by the respondents are retirement, parental leave, and redundancy.

Half of employees (50.6%) indicated that the consequences of employee turnover have a negative impact on a company image. There was also the opportunity to indicate specifically what for and what influence employee turnover has:

- When a company is left by unmotivated employees, it has a positive influence, but when professionals leave, it negatively affects work quality (work quality of new employees cannot be straight away compared to the quality of a work done by an experienced employee);
- For the quality of work;
- New ideas occur;
- For innovations;
- Employee becomes younger;
- For the company prestige.



Figure 1 The most effective means for increasing loyalty

Employees indicated the following means for increasing employee loyalty as the most effective ones: safety and stability at work, salary raise, bigger social guarantees, adequate workload. The most inefficient: change of a manager, a possibility to migrate in an organisation and employee entertainment after work. Picture 31 shows the layout of the most efficient means of increasing loyalty. Interestingly, the opportunity to choose a method of motivation themselves did not seem one of the more efficient means to the respondents.



Practical Human Resource Management Tool



Conclusion

The company attracts employees by offering a flexible work schedule and the opportunity to coordinate work with studies. However, in order for them to attract loyal and long-term employees,



the company does not assess employee motivation and accepts employees who are already oriented towards work for a short time.

The research revealed that the most common reasons for employee turnover are financial, search for new opportunities and personal circumstances. The least mentioned reasons were mobbing, overtime, and unsafety at work. Other reasons for employee turnover indicated by the respondents were retirement pension, child care leave, and redundancies.

As the results of the survey have shown, the majority of employees indicated tangible means of motivation to be more effective, because, in their opinion by these means an employer would dissuade them from leaving to another workplace.



References

Aldag, J., Stearns, M. T. (1987). *Management*. Cincinnati: South-Western Publishing.

Damidavičius, M., Pocius, A. (1998). *Darbo rinkos terminai ir sąvokos*. Vilnius: Agora.

Dėl kokių priežasčių vyksta darbuotojų migracija tarp įmonių. (2006). Retrieved from <http://www.personaloprojektai.lt/main.php/id/89/lang/1> (08.08.2019).

Mathis, R. L., Jackson, J. H. (2001). *Human resource management*. South-western: Thomson.

ST. Amour, D. (2000). *Ten ways to retain high-performance employees*. Retrieved from <http://web.ebscohost.com/bsi/pdf?vid=47&hid=7&sid=50fc0a2e-7aef-4a1f-82da-2ca903d4affc%40sessionmgr4> (08.08.2019).

Pilkauskaitė-Valickienė, R., Valickas, A., Sinkievič, B. (2007). *Darbuotojų ketinimo keisti darbą ir pasitenkinimo darbu sąsajos Lietuvoje*. *Socialinis darbas*, 6(2), p. 115-122.